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Livestock, Dairy, and Poultry Outlook

Kenneth Mathews
kmathews@ers.usda.gov

Recent Rains Benefit Livestock and Poultry

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Tables will be released on June 27, 2014

The next newsletter release is July 17, 2014

Approved by the World Agricultural Outlook Board.

Beef/Cattle: Southern Plains precipitation could slow cow slaughter. At the same time, feeder cattle prices are at record levels that could result in declining profit margins for cattle feeders by summer’s end. Consumers face record or near-record retail beef prices at the meat counter.

Beef/Cattle Trade: U.S. cattle imports through April were up 5 percent for the year as an increase in imports from Canada offset lower shipments from Mexico. Beef exports rose during the first 4 months of the year but are forecast to decline 3 percent in 2014 due to lower U.S. production. Imports of beef during April 2014 were 17 percent higher than last April due to growth in shipments from Australia and Canada.

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>)

“*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>)

“*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>)

Pork/Hogs: USDA increased its 2014 pork production forecast to reflect expected increases in average dressed weights of hog carcasses. April pork exports were almost 10 percent above a year ago. Higher U.S. pork prices brought about by Porcine Epidemic Diarrhea (PEDv) losses likely explain larger U.S. pork imports, particularly from otherwise high-cost producers in Europe. Retail pork prices are likely to break the \$4 per pound mark in the second half of 2014.

Poultry: With only slow growth in the hatchery flock, the production forecast for the year was lowered by 195 million pounds. This leaves the forecast total for 2014 at 38.233 billion pounds, up 1 percent from 2013. The production forecast for 2015 was also lowered by a total of 50 million pounds to 39.225 billion pounds. Turkey meat production in April was 472 million pounds, down 6.5 percent from a year earlier. The decline in turkey meat production was the result of both a decrease in the number of birds slaughtered and a decline in the average live weight of birds at slaughter.

Poultry Trade: Broiler and egg and egg product shipments in April were down from a year ago, while turkey exports were up. Broiler shipments totaled 572.1 million pounds in April 2014, a decrease of 6.7 percent from a year earlier. Egg shipments decreased 6 percent from a year ago, totaling 29.0 million dozen, while turkey exports totaled 58.4 million pounds in April 2014, a 4.1-percent increase from the previous April.

Dairy: Milk and dairy product price forecasts are raised only slightly in June from May. However, higher expected production next year lowers milk and dairy product prices in 2015 compared with 2014.

Recent Rains Could Further Boost Feeder Cattle Prices

Precipitation in the Southern Plains over the last couple of weeks could lead to reduced cow slaughter for the remainder of the second quarter and beyond if there is sufficient followup precipitation. However, as welcome as was the precipitation, it was well short of that needed to break the drought in the Southern Plains, Southwest, and West. Increased precipitation could also motivate support for prices already at record levels for all weights of feeder cattle and cows.

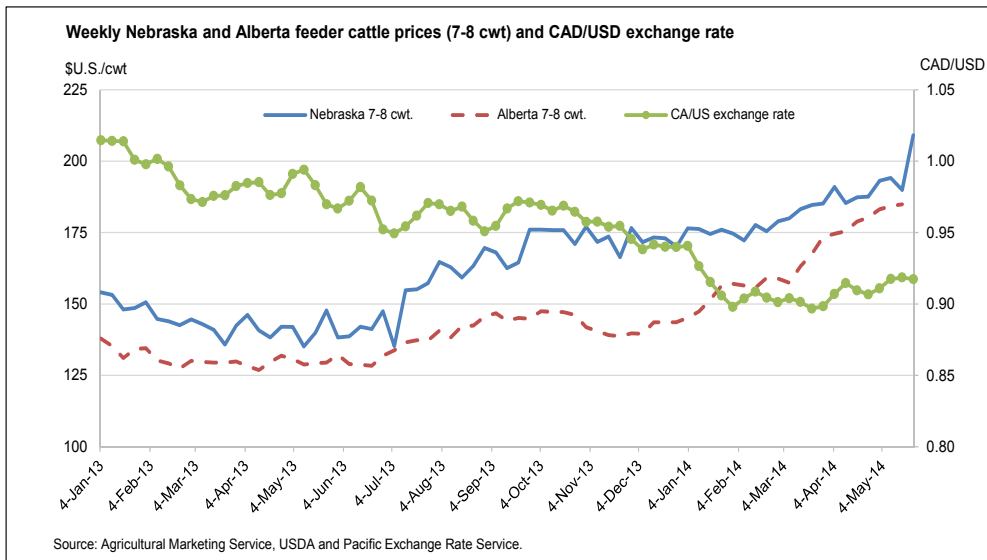
Despite what appear to be weakening corn prices and still-positive feeding margins, cattle feeders are caught between steady-to-stronger feeder cattle prices already at record levels and fed cattle prices that are moving erratically higher at a slower pace than feeder cattle prices are increasing. Steer and heifer slaughter is currently below previous expectations for this point in time, but could increase into summer as the year-over-year larger numbers of cattle placed on feed during the 4th quarter 2013 begin to reach market finish. Based on recent and current feeder cattle and corn prices and even with the recent jump in fed cattle prices, red ink could reappear for cattle feeders later this summer.

On the other hand, packers appear to be back with positive margins despite stalling cutout values. Average monthly retail Choice beef prices for April jumped more than 2.5 percent to a new record from March and were up a whopping 12 percent over the April 2013 average. The average price for May 2014 was \$5.91, up from April's price—a new record—and 13 percent above the May-2013 average price. Despite the record price levels, lackluster demand for middle meats is exerting some downward pressure on retail prices and wholesale cutout values.

Beef/Cattle Trade

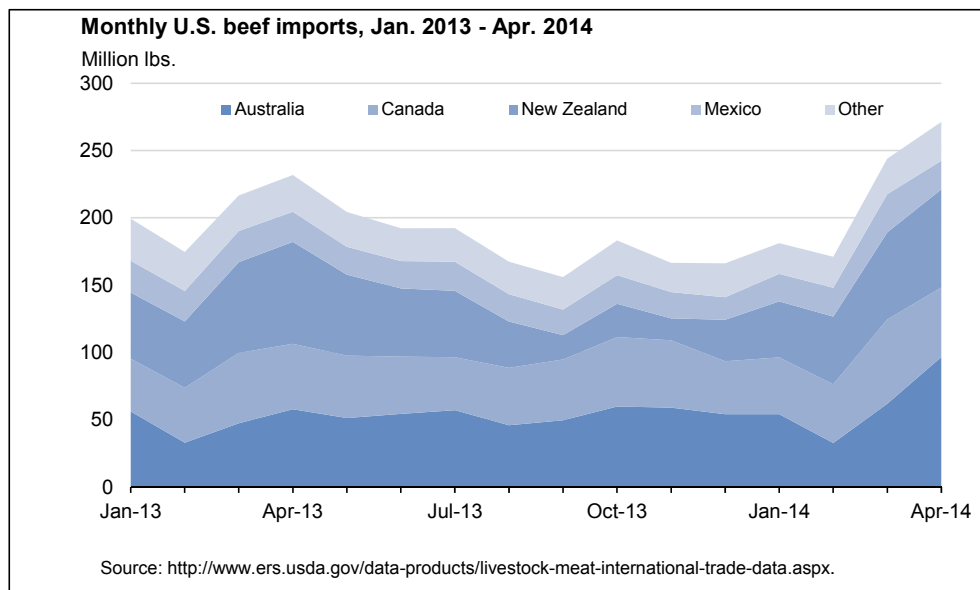
Stronger Feeder Shipments from Canada Spur Growth in Cattle Imports

U.S. cattle imports through April 2014 totaled 846,943 head, 5 percent higher than a year earlier. Imports have grown from Canada (+12 percent) due to rising shipments of feeder cattle. Strong U.S. prices for cattle due to lower inventories have created incentives for Canadian producers to ship cattle south. U.S. feeder cattle prices accelerated rapidly in the second half of 2013 and continue to grow (see chart). Prices for Canadian feeders grew more slowly during 2013, and a widening price differential between U.S. and Canadian feeders increased demand from U.S. buyers. Canadian prices have accelerated more rapidly in 2014, closing some of the gap between U.S. and Canadian prices. A weaker Canadian dollar also supports U.S. imports. Over the past 12 months, the Canadian dollar steadily depreciated against the U.S. dollar and has averaged 10 percent lower throughout most of 2014. Through April, feeder cattle imports were up 33 percent, while imports of slaughter cattle—accounting for over half of all imports—were down 3 percent from last year. Cattle imports from Mexico have fallen 2 percent this year despite prices well above previous years. Lower Mexican cattle inventories limited imports in 2013 and continue to constrain imports this year. Due to the growth in imports from Canada, the forecast for U.S. cattle imports was raised to 2.05 million head in 2014 and 2.1 million head in 2015. While demand for imported cattle is expected to remain strong throughout the forecast period, growth will be limited due to reduced cattle supplies.



Beef Imports Surge from Australia

U.S. beef imports through April 2014 were up 6 percent from a year earlier as lower U.S. beef production has increased demand for imported beef. Imports accelerated from Australia (+26 percent), and Canada (+11 percent), more than offsetting lower shipments from New Zealand (-5 percent), Uruguay (-24 percent), and Brazil (-25 percent) (see chart). Beef imports typically peak in the second quarter of the year to fulfill increased demand for processing-grade beef during the summer. Imports were especially strong in April, reaching the highest monthly total since July 2007. Imports from Australia exceeded 96 million pounds, the highest monthly total from Australia in 5 years. Australian beef production has risen 11 percent this year through April as continuing drought has caused record- high cattle slaughter. Total Australian exports through April have risen 19 percent as a result of higher production. U.S. beef imports from Canada have also jumped this year as higher U.S. beef prices and a lower exchange rate have increased returns for Canadian suppliers. The forecast for U.S. beef imports in 2014 was raised to 2.446 billion pounds, almost 9 percent above 2013. Demand for imported beef has risen as weekly U.S. federally inspected cow and bull beef production through the end of May is nearly 11 percent lower than a year earlier. Imports in 2015 are forecast at 2.445 billion pounds, nearly unchanged from 2014. U.S. beef production is not expected to increase next year as herd rebuilding will take several years. Although import demand will remain strong as a result, the United States is likely to face increasing competition from Asia for global beef supplies.



U.S. Beef Exports Strong Through April

U.S. beef exports were up 7 percent year-over-year through April, led by higher shipments to Japan, Mexico, and Hong Kong (see table). Japanese demand for U.S. beef has risen considerably over the past year since beef imports from U.S. cattle aged 30 months or younger were allowed in February 2013. Total Japanese beef imports through April are roughly equivalent to year-earlier levels, but the U.S. market share has increased while imports from Australia and Mexico have declined. U.S. beef exports to Mexico have also increased steadily since last summer despite rising prices for U.S. beef. Beef production fell last year in Mexico after severe drought led to a reduction in cattle inventories. Total U.S. exports are forecast to fall 3 percent in 2014 to 2.508 billion pounds. Despite higher year-over-year exports during the first four months of the year, lower U.S. beef production and higher prices are expected to curb export demand in the latter half of the year. This trend is likely to extend into 2015, when exports are forecast to decline 3 percent year-over-year to 2.425 billion pounds.

U.S. Beef Exports

	Jan - Apr 2013 (mil. lbs.)	Jan - Apr 2014 (mil. lbs.)	Percent change
Japan	171.2	186.5	9%
Mexico	104.1	145.1	39%
Hong Kong	79.0	128.0	62%
Canada	146.3	109.0	-26%
South Korea	88.6	95.1	7%
Taiwan	33.7	29.2	-13%
Other	114.3	97.1	-15%
Total	737.3	790.0	7%

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

Pork/Hogs

Second Through Fourth-Quarter 2014 Pork Production Forecast Raised to Reflect Higher Slaughter and Heavier Dressed Weights

USDA raised its pork production forecasts slightly for the second through fourth quarters of 2014, with total 2014 pork production expected to be 22.8 billion pounds, about 1.6 percent below a year earlier. The quarterly increase is premised on continued higher average dressed weights as well as higher than expected slaughter in the second quarter. Heavier animals are expected to partially offset lower numbers of slaughter hogs due to PEDv-related piglet deaths. For the year, average dressed weights are expected to be about 213 pounds, more than 6 pounds above average weights in 2013.

Since the onset of PEDv, pork producers have leveraged lower feed costs and PEDv-generated excess barn space to feed animals to higher weights in response to higher hog prices. Second-quarter hog prices are expected to average \$84-\$85 per cwt, more than 29 percent above the same period in 2013. For the year, hog prices are expected to average \$76-\$78 per cwt, about 20 percent above prices in 2013.

Higher April Exports Likely Due to Anticipatory Foreign Buying and Animal Disease Problems in Major Foreign Markets

U.S. pork exports in April were more than 436 million pounds, a volume almost 10 percent larger than exports a year ago. Foreign demand for U.S. pork in April likely increased in part, due to expectations of continued tightness of U.S. pork supplies. It also appears that some major buyers of U.S. pork—Japan, Mexico, Colombia, South Korea, and Taiwan—are now experiencing animal disease outbreaks, which could result in increased demand for U.S. pork products. Exports to major foreign markets are summarized below.

U.S. pork exports to 10 largest foreign destinations, April 2014 and 2013

	Country	April 2014 Million lbs.	April 2013 Million lbs.	Percent change (2014 / 20123)
	World	436	397	9.9
1	Japan	123	109	12.9
2	Mexico	107	98	9.0
3	South Korea	47	25	90.1
4	Canada	46	41	13.0
5	China/Hong Kong	36	48	-25.4
6	Australia	16	15	4.9
7	Colombia	12	7	81.2
8	Philippines	11	12	-5.2
9	Taiwan	6	3	107.9
10	Honduras	5	5	-0.9

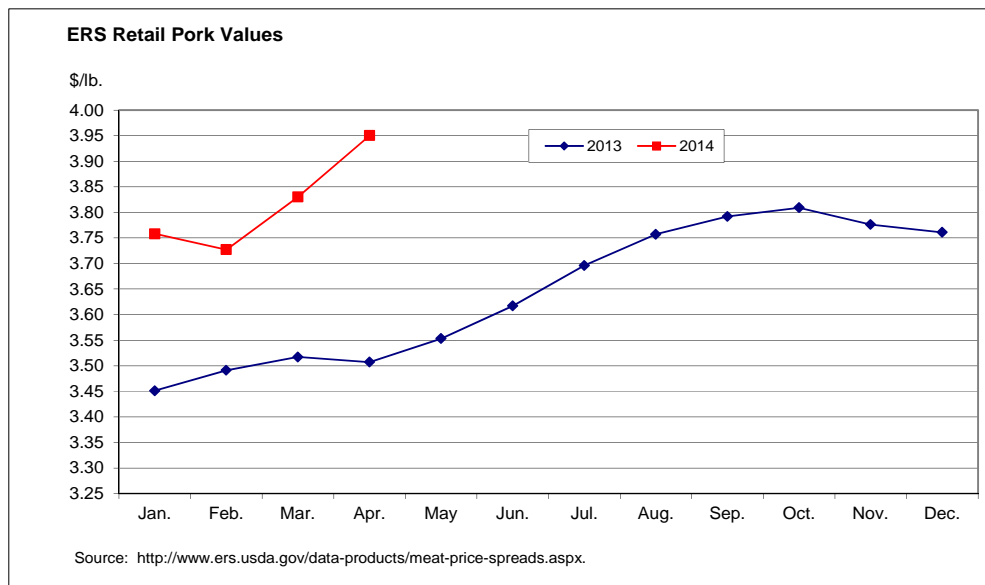
Source: <http://www.ers.usda.gov/data-products/livestock-meat-international-trade-data.aspx>

High U.S. Pork Prices May be Attracting Larger U.S. Imports from High-Cost Producing Countries

It is notable that U.S. pork imports have increased more than 5 percent in the first 4 months of 2014 compared with the same period last year. In April, pork imports were almost 14 percent higher than a year ago. It is likely that high U.S. pork prices—in an environment of PEDv-reduced supplies—are attracting increased shipments from abroad. While U.S. imports from Denmark have increased almost 24 percent, April import data, in particular, show increased shipments from countries whose pork products are not typically competitive in the U.S. due to their high production costs; there were larger imports from the United Kingdom (+32 percent), Ireland (+24 percent), Germany (+41 percent), Hungary (+73 percent), Spain (+67 percent), and Italy (+20 percent). Pork imports as a proportion of disappearance in the second quarter were about 5 percent compared with 4.6 percent a year ago, indicating a fairly low level of imports, even under the current rather extraordinary market conditions. For the second quarter of 2014, U.S. pork imports are expected to be 230 million pounds, almost 10 percent above the same period a year ago. For 2014, imports are expected to be 922 million pounds, about 5 percent higher than last year.

Consumers Are Paying More for Pork at Retail

Retail pork values—computed from Bureau of Labor Statistics and USDA Agriculture Marketing Service data—indicate that consumers are paying more for retail pork cuts than a year ago. The computed per pound retail pork value in May was \$3.95, almost 13 percent higher than May of last year. The second-quarter value is expected to be in the mid-\$3.90s, with second-half 2014 retail pork values likely to break through the \$4 per pound level. The figure below shows 2013 and 2014 retail pork values. Higher 2014 values through April likely reflect tight supplies of pork, as well as of beef and broilers.



Broiler Meat Production Rises Slightly in April

Total broiler meat production in April 2014 was 3.2 billion pounds, a slight increase of 0.5 percent from the previous year. Changes in broiler meat production have been mixed in 2014, with production increasing strongly in February and March after falling in January. Total broiler slaughter in April was 711 million birds, down 1.2 percent from the previous year. This decline was offset by higher average bird weights. Over the first 4 months of 2014, average bird weights have been steady at about 6 pounds. In April, average weights were 5.99 pounds, 1.4 percent higher than the previous year.

At this point the broiler industry has yet to make any consistent strong increases in production, although with good domestic prices, lower feed costs, and forecasts for price strength in the beef and pork industries the broiler industry would normally be moving into an expansion mode. The numbers of broiler chicks placed for growout continues to be near the same level as a year earlier. Over the last 5 weeks (May 10 to June 7, 2014), the average number of chicks placed per week for growout was 167 million, about unchanged from the equivalent period in 2013. This 5-week moving average of broiler chick placements has been within 1 percent above or below the previous year's placements for the last 19 consecutive weeks.

With only slow growth in the hatchery flock, the production forecast for the year was lowered by 195 million pounds. This leaves the forecast total for 2014 at 38.233 billion pounds, up 1 percent from 2013. The total for first-quarter 2014 was revised slightly to 9.283, down 2 percent from the same period in 2013. The production forecast for 2015 was also lowered by a total of 50 million pounds to 39.22 billion pounds.

At the end of April, broiler products in cold storage totaled 555 million pounds, 15 percent below those of the previous year. After being higher on a month-over-month basis for the 16 months starting in November 2012, broiler stocks have been lower during the last 2 months. Broiler stocks were generally higher for most leg meat products, while stocks for other products were lower. Cold storage holdings were higher than the previous year for drumsticks, legs, thighs and thigh meat. The only exception to this pattern was the pattern for stocks of leg quarters, which has reversed itself in the last 3 months; at the end of February, leg quarter stocks were 24 percent higher than a year earlier, but by the end of April they had fallen by over 50 million pounds and were 27 percent lower than the previous year.

Along with the decline in leg quarter stocks, stocks of whole birds, breast meat, and wings also declined. Stocks of whole birds and breast meat were lower than the previous year throughout the first 4 months of 2014, while wing stocks started the year slightly higher but by the end of April were 27 percent lower than in April 2013. With growth in second-quarter broiler meat production revised downward and continued slight improvements in the domestic economy, ending stocks for second-quarter 2014 are expected at 570 million pounds, a decrease of 13 percent from the same period in 2013.

With relatively slow production growth and overall stock levels well below a year earlier, wholesale prices for most broiler products have increased. The May

average price for boneless/skinless breast meat in the Northeast market was \$1.85 per pound, a gain of over 54 cents a pound from the beginning of the year but still 10 cents a pound lower than the previous year (down 5 percent). The average prices for bone-in breasts and line-run breasts have followed the same pattern: strong gains since the beginning of 2014, but with May prices lower than at the same time in 2013. Prices for whole birds in May averaged \$1.18 per pound, 6.5 percent higher than the previous year. With stock levels at the end of April lower than the previous year for whole birds and breast meat, there should be continued upward pressure on their prices, although broiler prices tend to decline somewhat in mid-summer.

With the reversal of stock holdings of leg quarters in the last 2 months, prices of leg quarters are also likely to have some upward pressure. Although prices have moved higher in the last 2 months, the average price in May was \$0.49 a pound, still 8 percent below the previous year. A major factor for leg quarter prices will be strength of demand in the export market. Wing prices averaged \$1.37 per pound in May, 1 percent higher than a year earlier. With a decline in cold storage holdings, wing prices may face some upward pressure. During the first 2 months of the year, wing prices were over 30 percent lower than the previous year. With only modest growth in broiler meat production expected in the second and third quarters, many broiler prices are expected to gradually move upward in the coming months.

Turkey Production Falls in April

Turkey meat production in April was 472 million pounds, down 6.5 percent from a year earlier. The decline was the result of both a decrease in the number of birds slaughtered and a decline in the average live weight at slaughter. In April, the number of birds slaughtered was 19.1 million, 6.7 percent lower than in April 2013. In addition to the decrease in the number of turkeys slaughtered, the average live weight at slaughter declined slightly to 30.8 pounds, down 0.4 percent from last year. Turkey meat production for second-quarter 2014 is expected to total 1.425 billion pounds, down 4 percent from last year but 10 million pounds higher than the previous forecast due to somewhat higher than expected turkey slaughter. Turkey meat production is expected to be higher than the previous year in both the third and fourth quarters of 2014 and to show an increase in production in 2015.

Turkey hatchery data shows that the number of poults placed for growout has been slightly higher in the last 2 months, (poult placements in March and April were up less than 1 percent), after having been lower than the previous year in the preceding 15 months. In addition, the number of eggs in incubators as of May 1 was 8 percent higher than a year earlier. With these increases, turkey production is expected to start to expand, boosted by strong prices, lower feed costs, and relatively low stock levels.

With turkey meat production down in first-quarter 2014 and expected lower in the second quarter, cold storage holdings of turkey meat have contracted relative to the previous year. Turkey stocks through the first 4 months of 2014 were well below year-earlier levels and at the end of April totaled 375 million pounds, down 18 percent from the previous year. The decline in cold storage holdings was the result of lower stocks of almost all categories of turkey products. At the end of April, whole bird stocks totaled 193 million pounds, 17 percent lower than the previous year. Among whole birds there was a large difference between the declines in cold storage holdings of hens and toms. Cold storage holdings of whole hens totaled 105

million pounds, down 4 percent from a year earlier. In the first 4 months of 2014, the year-over-year difference between cold storage holdings of hens narrowed from over 30 percent lower at the end of January to 4 percent lower at the end of April. However, cold storage holdings of whole toms have become even smaller in comparison with year-earlier levels. At the end of January, whole-tom stocks totaled 54 million pounds, 22 percent lower than the previous year; by the end of April, holdings of whole toms had risen seasonally to 88 million pounds, but this was 28 percent lower than the previous year.

Cold storage holdings of turkey parts accounted for the remaining 182 million pounds and were 19 percent lower than a year earlier. Cold storage holdings of turkey parts were lower in almost every category. The one exception was stocks in the unclassified category. Stocks of mechanically deboned meat (MDM) declined the most, down 62 percent from the previous year, but stocks of breast meat and legs were down 30 and 54 percent. The continued smaller stocks holdings so far this year resulted in the forecast for ending stocks for second quarter being lowered to 475 million pounds, down 25 million pounds from the previous forecast and 16 percent lower than the previous year. The ending stocks forecast for 2014 was also lowered by 20 million pounds to 225 million pounds.

With lower overall production and lower cold storage holding of almost all turkey parts, prices for turkey products have been higher than the previous year for most of 2014. April prices, the latest available, were well above the previous year for most turkey parts (the only major exception was breasts). Prices for fresh drumsticks were \$0.92 cents per pound, up 43 percent from April 2013. Prices for fresh MDM meat were \$0.47 per pound, up 32 percent from a year earlier. The largest increase has been for boneless/skinless (B/S) breast meat: prices in April were \$3.31 per pound, 113 percent higher than a year earlier. Prices for turkey parts may soften somewhat over the summer but are likely to remain above year-earlier levels until higher production increases cold storage holdings.

Prices for whole birds in May continued the gradual strengthening that has continued since the beginning of the year. Frozen hen prices averaged \$1.06 per pound, 9 percent higher than the previous year. Prices for whole frozen hens have increased each month so far in 2014. With lower production forecast for the second quarter and only a very small increase expected in the third quarter, prices for whole hens are expected to remain strong. Prices for the second quarter are forecast to average \$1.03 - \$1.06 per pound and then to rise slightly to \$1.04 - \$1.10 per pound in the third quarter.

April Egg Production Higher

From January to April 2014, the U.S. table egg flock has averaged 295 million hens, 1.3 percent higher than during the same period in 2013. In April, the flock was estimated at 296 million birds, up 2 percent from the previous year. The increase was combined with a slightly higher rate of lay in April (up 1 percent), resulting in a 2.3 percent increase in the number of table eggs produced in April to 580 million dozen. Shell egg production has been higher on a year-over-year basis through the first 4 months of 2014, driven mostly by increases in the number of birds in the laying flock.

Shell egg production for the second quarter is forecast at 1.73 billion dozen, 1.9 percent higher than in 2013, and the projection for third-quarter 2014 was adjusted

upward by 20 million dozen for a total of 1.76 billion dozen. Coupled with a 2 million dozen increase in the fourth-quarter forecast, this leaves the total estimate for 2014 at 7.02 billion dozen, an increase of 2 percent from 2013.

Over the first 4 months of 2014, hatching eggs totaled 347 million dozen, down fractionally from the same period a year earlier. Although the size of the broiler-breeder flock has averaged 1.9 percent higher than the previous year, a decline in the rate of lay (down 2.1 percent) has offset the increase in bird numbers, resulting in a small drop in the production of broiler-type eggs. Total hatching egg production for 2014 is forecast at 1.08 billion dozen, up 1.6 percent from 2013, primarily from higher production of broiler-type hatching eggs in the second half of the year.

Table egg prices declined seasonally following the Easter holiday and prices in the New York market fell to \$1.23 per dozen in late April–early May, down \$0.50 per dozen from just a few weeks earlier but still considerably higher than the previous year. Since April, prices have strengthened a bit, averaging \$1.30 per dozen in May but then falling again in early June. The expected price for second-quarter 2014 is \$1.36-\$1.39 per dozen. Wholesale egg prices are expected to decline somewhat in the third quarter but then to strengthen seasonally to \$1.33-\$1.45 in fourth-quarter 2014.

Over the first 4 months of 2014, around 705 million dozen eggs were broken for the production of egg products, 2.5 percent above the previous year. The increase has been for higher production of liquid whites and liquid yolks, as the production of liquid whole eggs is down 3.6 percent from a year earlier. Liquid egg white production rose 14.6 percent, while production of liquid egg yolks was 11.2 percent higher. These strong increases have had different impacts on the prices for these products. Even with a large increase in production, higher egg white demand has led to prices rising from \$1.13 per pound in January to \$1.42 per pound in April, an increase of 26 percent. However, higher egg yolk production has not resulted in any changes in egg yolk prices, with January and April prices approximately the same.

U.S. Broiler Shipments Down in April

Broiler shipments in April 2014 decreased 6.7 percent from a year earlier, totaling 572.1 million pounds. Top export partners in April included Mexico, Russia, Angola, Iraq, and Canada, with Mexico leading with 119.1 million pounds shipped in April. The second highest U.S. export market was Russia, with 46.8 million pounds shipped, followed by Angola with 32.7 million pounds. Iraq and Canada finished fourth and fifth, with exports totaling 26.9 and 25.6 million pounds, respectively. Destinations with significant quantity increases in U.S. broiler shipments in April 2014 included Russia and Taiwan, each with an increase of more than 8 million pounds of broiler shipments over April 2013. The increase for Russia was 10.4 million pounds, 28.4 percent over last year. For Taiwan it was 8.3 million pounds, a 49.9-percent increase over April of last year. There were significant drops in shipments, quantity-wise, to Lithuania, Cuba, and Saudi Arabia (to which exports were over 10 million pounds less than in April last year). Lithuania declined the most, receiving 12.7 million pounds less in shipments than last year's April total, a drop of 96.4 percent. USDA forecasts 7.306 billion pounds of broiler exports for 2014, a 225-million pound decrease since May's forecast. USDA forecasts 7.475 billion pounds of broiler exports for 2015.

Turkey Shipments Up in April

Turkey shipments totaled 58.4 million pounds in April 2014, an increase of 4.1 percent from a year ago. The United States shipped 35.7 million pounds of turkey meat to Mexico in April 2014, an increase of 16.6 percent from a year earlier, amounting to over 61 percent of all shipments. China had a large drop in shipments, which declined by 64.3 percent over last year. Shipments to China dropped from 7.7 million pounds last year to 2.7 million pounds this April. South Africa also had a large drop in shipments; April 2014 shipments to South Africa were only 91 thousand pounds compared with April 2013 shipments of 2.6 million pounds, a 96.5-percent decline. The current forecast for 2014 exports is 713 million pounds. The forecast for 2015 is 750 million pounds.

Egg and Egg Product Shipments Declined in April

Egg and egg product shipments in April 2014 were down 6.0 percent from a year ago. On a shell egg basis, a total of 29.0 million dozen eggs were shipped. Mexico remains one of the largest destinations for U.S. egg and egg product exports despite a 51.0-percent decrease from April 2013, with 4.9 million dozen eggs shipped in April 2014. However, shipments to Mexico were surpassed in April by U.S. shipments to Canada of 9.9 million dozen eggs, an increase of 77.4 percent. April exports to Mexico were the lowest since February 2013, when shipments totaled 2.8 million dozen. Mexico is still slowly rebuilding its egg-laying flocks following the April 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. The 2014 forecast for egg and egg product shipments to Mexico is 310 million dozen. The 2015 forecast is 320 million dozen.

This Year, Milk and Dairy Product Prices Remain Near Record Levels on Continued Strong Demand; Next Year, Prices Are Forecast To Decline With Greater Production

June projected corn prices were lowered slightly from May to \$4.45 - \$4.65 per bushel for 2013/14, based on reported prices to date. The 2014/15 corn price is forecast below current year prices but is unchanged from the May projection of \$3.85 - \$4.55 per bushel. The soybean meal price for 2013/14 is estimated at \$485 per ton. The 2014/15 soybean meal price forecast is unchanged from May but is expected to be sharply lower than this year at \$355 - \$395 per ton. The preliminary alfalfa price was reported in the May Agricultural Prices report at \$224 per ton; higher than April's reported price and about the same as May a year ago. Consequently, the milk-feed price ratio is likely to remain at a level that would support expansion in the dairy herd in 2015.

Last month's forecast of herd expansion in the second half of the year was based on strong milk prices and moderating feed costs. The June forecast is unchanged from May and cow numbers are placed at 9,255 thousand head for the current year. Cow numbers for 2015 are forecast up slightly from 2014 to 9,340 thousand head, also unchanged from the May forecast. Current-year output per cow is lowered fractionally from May to 22,270 pounds per cow and is based on lower expected output per cow in the second quarter. Next year's forecast of output per cow is unchanged from May and is up nearly 2 percent from the 2014 projection. The June milk production forecast for 2014 rounds to 206.1 billion pounds, unchanged from May. For 2015, milk production is unchanged from May at 212.1 billion pounds. The likely stronger milk-feed price ratios for both this year and next should presage expanded year-over-year production.

Fats basis 2014 milk equivalent imports were raised in June to 3.5 billion pounds, but are expected to slip to 3.4 billion pounds in 2015. Skims-solids basis milk-equivalent imports are raised this month to 5.6 billion pounds for the current year and to 5.2 billion pounds for 2015. The forecast increases from May are based on higher imports of food preparation items, whey products, and, to a lesser extent, casein and milk protein concentrates.

June forecast fats-basis exports for 2014 are increased this month from May to 13.4 billion pounds and to 13 billion pounds for 2015. Butter exports have retreated as U.S. prices have become less competitive on the global market. The butter decline was more than offset by continued strong cheese exports. The higher June forecasts are expected to carry over into 2015. However on a year-over-year basis, the 2015 forecast export decline is based on expected strong foreign competition. Exports on a skims-solids basis are increased to 39.4 billion pounds for 2014 and are unchanged at 38.6 billion pounds for next year. Higher skimmed milk powder, whey, and cheese are the basis of the higher skim-solids export number this year. Although the United States is expected to remain competitive in the global market, foreign competition will likely lower exports on a year-over-year basis in 2015. Fats basis ending stocks are lowered for 2014 based on lower than expected butter stocks, a likely result of lower butter production and strong domestic demand. Fats

basis ending stocks are unchanged this month from May. Skims-solids ending stocks for both 2014 and 2015 are unchanged this month from May forecasts.

Although June price forecasts are higher than May for some dairy products, on a year-over-year basis prices will be lower in 2015 than in 2014. Greater milk production and slightly lower exports explain the forecast price scenario. The 2014 cheese price range is raised this month to \$2.015 - \$2.055 per pound based on robust year-to-date demand. Cheese price forecasts are unchanged for 2015 at \$1.670 - \$1.770 per pound. Forecast butter prices are raised to \$1.870 - \$1.940 per pound for 2014 based on apparent demand strength and tight supplies and to \$1.640 - \$1.770 per pound next year. Current year whey prices are unchanged from May, at 63.0 - 65.0 cents per pound and 55.0 - 58.0 cents per pound for 2015. Nonfat dry milk (NDM) prices are lowered slightly to \$1.820 - \$1.860, based on lower reported May prices. However as prices have appeared to rebound, the forecast for the balance of 2014 is unchanged. NDM prices for 2015 are unchanged from May at \$1.605 - \$1.675 per pound.

The Class IV price forecast is increased for both this year and next as higher butter prices more than offset lower NDM prices. The Class IV price is forecast at \$21.45 - \$21.95 per cwt for this year and \$18.65 - \$19.75 per cwt for 2015. The June Class III milk price forecast is raised to \$20.80 - \$21.20 per cwt for the current year and raised fractionally to \$16.95 - \$17.95 per cwt for 2015. The all milk price forecast is increased from May for both 2014 and 2015 to \$22.90 - \$23.30 and \$19.75 - \$20.75 per cwt, respectively.

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>
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U.S. red meat and poultry forecasts

	2011					2012					2013					2014					2015	
	I	II	III	IV	Annual	I	II	III	IV	Annual	I	II	III	IV	Annual	I	II	III	IV	Annual	I	Annual
Production, million lb																						
Beef	6,410	6,559	6,736	6,490	26,195	6,282	6,473	6,586	6,572	25,913	6,175	6,513	6,609	6,423	25,720	5,868	6,160	6,310	6,070	24,408	5,795	24,315
Pork	5,719	5,370	5,484	6,186	22,758	5,858	5,519	5,631	6,244	23,253	5,775	5,516	5,622	6,274	23,187	5,785	5,490	5,435	6,110	22,820	5,750	23,310
Lamb and mutton	36	40	36	37	149	39	39	39	40	156	38	40	40	38	156	37	41	37	37	152	38	147
Broilers	9,290	9,509	9,542	8,861	37,202	9,089	9,381	9,372	9,198	37,039	9,144	9,466	9,683	9,537	37,830	9,283	9,575	9,750	9,625	38,233	9,450	39,225
Turkeys	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	1,420	5,805	1,332	1,425	1,450	1,500	5,707	1,400	5,925
Total red meat & poultry	23,011	23,114	23,395	23,226	92,746	22,865	23,084	23,274	23,739	92,963	22,743	23,183	23,563	23,844	93,333	22,455	22,849	23,147	23,498	91,949	22,583	93,567
Table eggs, mil. doz.	1,625	1,634	1,647	1,693	6,598	1,666	1,661	1,685	1,741	6,754	1,686	1,698	1,725	1,773	6,882	1,722	1,730	1,760	1,810	7,022	1,735	7,070
Per capita disappearance, retail lb 2/																						
Beef	14.1	14.5	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	13.1	13.8	13.7	13.1	53.7	12.8	53.2
Pork	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	11.3	11.2	11.2	12.5	46.2	11.1	46.2
Lamb and mutton	0.2	0.2	0.2	0.2	0.8	0.2	0.2	0.2	0.2	0.8	0.3	0.2	0.2	0.2	0.9	0.2	0.2	0.2	0.2	0.9	0.2	0.90
Broilers	21.5	21.5	20.8	19.1	82.9	20.1	20.4	20.3	19.7	80.4	20.0	20.3	21.0	20.5	81.9	20.2	20.8	20.9	20.8	82.7	20.3	84.0
Turkeys	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	4.8	16.0	3.4	3.5	4.0	4.9	15.8	3.3	15.9
Total red meat & poultry	51.2	51.3	51.0	51.0	204.6	49.3	50.3	50.7	52.0	202.3	49.5	50.2	51.3	52.4	203.5	48.7	49.9	50.4	51.9	201.0	48.1	201.8
Eggs, number	61.1	61.2	62.2	63.4	247.9	62.6	61.5	62.5	64.2	250.8	62.6	61.7	62.9	64.2	251.3	62.8	63.5	64.0	65.7	256.0	63.1	257.1
Market prices																						
Choice steers, S-area Direct, \$/cwt	110.07	112.79	114.05	121.99	114.73	125.29	120.91	119.69	125.54	122.86	125.52	124.95	122.30	130.77	125.89	146.34	145-148	140-148	142-154	143-149	146-158	145-157
Feeder steers, Ok City, \$/cwt	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	167.49	185-188	178-186	175-187	176-182	184-196	183-195
Cutter Cows, National L.E., \$/cwt	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	89.12	97-100	88-96	84-96	89-95	88-100	88-100
Choice slaughter lambs, San Angelo, \$/cwt	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	111.12	166.69	139-142	141-149	134-146	145-151	134-146	137-149
Barrows & gilts, N. base, l.e. \$/cwt	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	68.69	84-85	83-87	70-76	76-80	68-74	70-76
Broilers, 12 City, cents/lb	80.20	83.00	78.20	78.00	79.90	87.40	85.1	82.0	92.1	86.6	103.5	108.6	93.90	92.80	99.70	98.4	113-116	105-111	103-111	105-109	101-109	100-108
Turkeys, Eastern, cents/lb	90.20	99.90	106.40	111.60	102.00	100.70	106.9	108.5	106.1	105.6	96.0	97.7	99.9	105.40	99.80	100.7	103-106	104-110	106-114	103-108	98-106	102-111
Eggs, New York, cents/doz.	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	142.7	136-139	122-128	133-145	133-139	130-140	122-132
U.S. trade, million lb																						
Beef & veal exports	633	702	766	683	2,785	558	625	650	620	2,453	557	631	716	679	2,583	583	630	660	635	2,508	550	2,425
Beef & veal imports	461	593	548	454	2,057	582	669	516	453	2,220	590	628	516	516	2,250	596	710	595	545	2,446	615	2,445
Lamb and mutton imports	49	48	31	34	162	38	36	38	41	154	49	44	36	44	173	46	44	37	40	167	47	166
Pork exports	1,248	1,201	1,260	1,481	5,190	1,442	1,301	1,251	1,386	5,381	1,218	1,226	1,205	1,343	4,992	1,345	1,200	1,065	1,250	4,860	1,255	5,035
Pork imports	201	195	194	213	803	207	191	198	205	802	207	210	229	233	879	212	230	240	240	922	230	890
Broiler exports	1,526	1,588	1,976	1,878	6,968	1,734	1,790	1,864	1,886	7,274	1,759	1,876	1,856	1,873	7,364	1,831	1,775	1,900	1,800	7,306	1,825	7,475
Turkey exports	159	171	173	199	702	181	185	216	217	798	178	182	197	201	758	163	175	185	190	713	180	750
Live swine imports (thousand head)	1,452	1,429	1,407	1,508	5,795	1,445	1,444	1,387	1,380	5,656	1,326	1,301	1,255	1,076	4,958	1,196	1,200	1,200	1,200	4,796	1,190	4,760

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 6/18/2014

Dairy Forecasts

	2013					2014					2015	
	I	II	III	IV	Annual	I	II	III	IV	Annual	I	Annual
Milk cows (thous.) 1/	N/A	N/A	9,224	9,201	9,221	9,216	9,240	9,270	9,285	9,255	9,300	9,340
Milk per cow (pounds)	N/A	N/A	5,356	5,355	21,822	5,541	5,710	5,490	5,530	22,270	5,650	22,710
Milk production (bil. pounds)	50.5	52.0	49.4	49.3	201.2	51.1	52.8	50.9	51.3	206.1	52.5	212.1
Farm use	0.2	0.2	0.2	0.2	1.0	2.0	2.0	2.0	2.0	1.0	0.2	1.0
Milk marketings	50.3	51.8	49.2	49.0	200.2	50.8	52.5	50.6	51.1	205.1	52.3	211.1
Milkfat (bil. pounds milk equiv.)												
Milk marketings	50.3	51.8	49.2	49.0	200.2	50.8	52.5	50.6	51.1	205.1	52.3	211.1
Beginning commercial stocks	12.2	15.1	16.9	14.3	12.2	11.2	12.8	13.7	12.4	11.2	10.8	10.8
Imports	1.1	0.9	0.9	0.9	3.7	0.8	0.8	0.8	1.0	3.5	0.8	3.4
Total supply	63.6	67.8	66.9	64.3	216.2	62.8	66.1	65.2	64.5	219.7	64.0	225.3
Commercial exports	2.4	3.0	3.6	3.4	12.4	3.9	3.7	3.1	2.7	13.4	3.4	13.0
Ending commercial stocks	15.1	16.9	14.3	11.2	11.2	12.8	13.7	12.4	10.8	10.8	13.0	12.0
Net removals	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Commercial use	46.1	47.9	48.9	49.6	192.6	46.2	48.7	49.6	51.0	195.6	47.5	200.3
Skim solids (bil. pounds milk equiv.)												
Milk marketings	50.3	51.8	49.2	49.0	200.2	50.8	52.5	50.6	51.1	205.1	52.3	211.1
Beginning commercial stocks	12.4	13.6	14.2	12.4	12.4	11.7	12.7	12.7	12.0	11.7	11.9	11.9
Imports	1.5	1.2	1.1	1.5	5.3	1.4	1.4	1.3	1.5	5.6	1.3	5.2
Total supply	64.2	66.6	64.4	62.9	217.9	63.9	66.6	64.7	64.6	222.3	65.5	228.2
Commercial exports	8.3	10.6	10.4	9.3	38.6	9.8	10.3	9.9	9.4	39.4	9.5	38.6
Ending commercial stocks	13.6	14.2	12.4	11.7	11.7	12.7	12.7	12.0	11.9	11.9	12.4	12.2
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	42.3	41.8	41.7	41.9	167.7	41.4	43.6	42.8	43.2	171.1	43.6	177.3
Milk prices (dol./cwt) 2/												
All milk	19.53	19.57	19.60	21.50	20.05	24.53	24.40	21.95	20.85	22.90	20.50	19.75
							-24.60	-22.45	-21.65	-23.30	-21.50	-20.75
Class III	17.44	18.04	17.81	18.67	17.99	22.61	22.65	19.65	18.40	20.80	16.45	16.95
							-22.85	-20.15	-19.20	-21.20	-17.45	17.95
Class IV	17.71	18.62	19.13	20.74	19.05	23.10	22.95	20.80	19.05	21.45	18.05	18.65
							-23.25	-21.40	-19.95	-21.95	-19.15	-19.75
Product prices (dol./pound) 3/												
Cheddar cheese	1.686	1.780	1.761	1.847	1.768	2.213	2.180	1.900	1.780	2.015	1.620	1.670
							-2.200	-1.950	-1.860	-2.055	-1.720	-1.770
Dry whey	0.632	0.575	0.579	0.576	0.590	0.630	0.665	0.615	0.605	0.630	0.545	0.550
							-0.685	-0.645	-0.635	-0.650	-0.575	-0.580
Butter	1.555	1.622	1.438	1.566	1.545	1.779	2.020	1.910	1.795	1.870	1.685	1.640
							-2.060	-1.990	-1.905	-1.940	-1.815	-1.770
Nonfat dry milk	1.546	1.619	1.769	1.893	1.707	2.067	1.920	1.725	1.580	1.820	1.515	1.605
							-1.940	-1.765	-1.640	-1.860	-1.585	1.675

1/ Starting in May, contains no data updates or analysis on milk cows or milk output per cow.

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_dscrpt.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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