



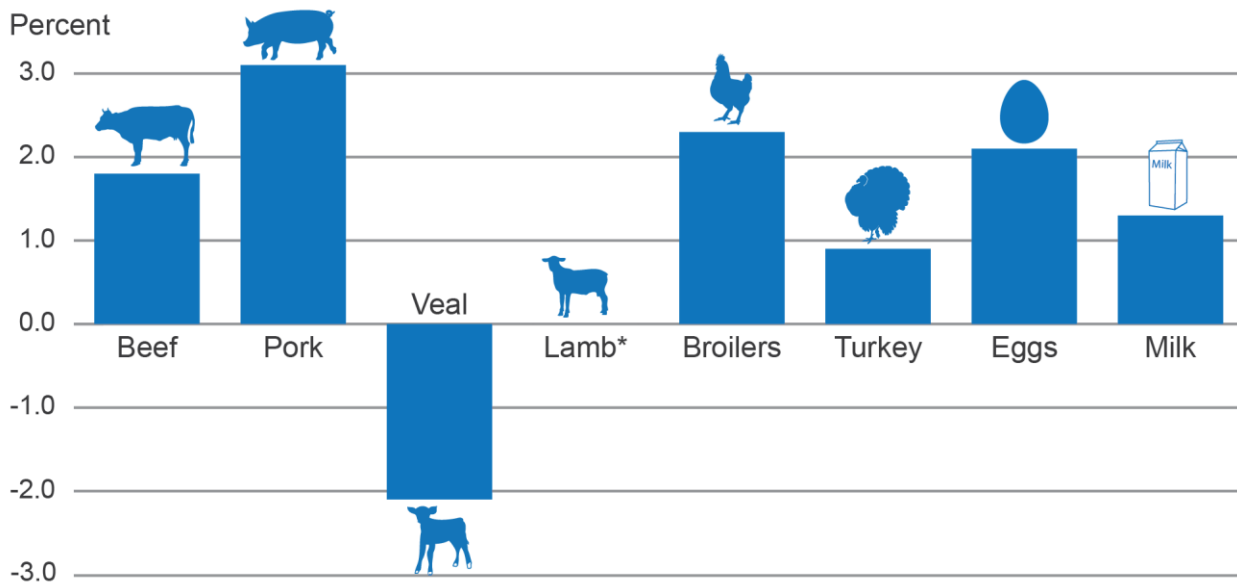
Livestock, Dairy, and Poultry Outlook

2019 Forecasts: Production of Beef, Pork, Broilers, Turkey, Eggs, and Milk Expected To Increase

Kim A. Ha

USDA production forecasts for 2019 indicate growth expectations for beef (+1.8 percent), pork (+3.1 percent), broilers (+2.3 percent), turkey (+0.9 percent), eggs (+2.1 percent), and milk (+1.3 percent). Conversely, veal production is expected to decrease by 2.1 percent, while no growth is projected for lamb. Compared to average annual growth rates for 2014-2018, 2019 forecasts for beef and turkey are projected to see higher growth than the 5-year averages of 1.2 percent and 0.4 percent, respectively. Pork, broilers, and eggs are expected to be about on pace with 5-year average growth rates of 3 percent, 2.3 percent, and 1.9 percent, respectively. The forecast growth rate for milk production is down from the 5-year average of 1.7 percent. Over the 2014-2018 period, veal production contracted notably, averaging annual decreases of 8.1 percent, but recent years and the 2019 forecast indicate a slowed rate of contraction. Similarly, in 2019, lamb, which had average annual declines of 1.3 percent over the past 5 years, is expected to maintain production levels consistent with 2018.

Percentage Change of Production (2018/2019)



*No growth projected for lamb production
Source: U.S. Dept. of Agriculture, Economic Research Service

Cattle/Beef: Commercial beef production in 2019 is forecast at 27.7 billion pounds, 1.8 percent higher than expected production this year. Greater U.S. production and continued strength in demand from Asian markets are expected to boost beef exports to a consecutive record high in 2019. Slightly higher fed cattle prices are expected in 2019, which will likely reflect the strength of domestic and international demand.

Dairy: In March, commercial exports on a skim-solids milk-equivalent basis reached a record high of 4.255 billion pounds, while exports on a milk-fat milk-equivalent basis reached 996 million pounds, the highest level since July 2014. Due to recent increases in dairy product prices, lower-than-expected first-quarter ending stocks, lower expected annual milk production, and higher expected exports, the all-milk price forecast for 2018 is \$16.20-\$16.70 per hundredweight (cwt), an increase from last month's forecast of \$15.60-\$16.10. For 2019, the milk production forecast is 221.5 billion pounds, a modest 1.3-percent increase over 2018. The all-milk price forecast for 2019 is \$16.25-17.25 per cwt.

Pork/Hogs: Expanded U.S processing capacity is expected to support a 3-percent increase in commercial pork production in 2019. Higher expected processing costs are likely to temper processor margins and demand for hogs, however, with 2019 hog prices averaging \$43-\$46 per cwt. Favorable U.S pork prices relative to those of other pork-exporting countries will help maintain international competitiveness of U.S pork next year. Exports in 2019 are expected to be 6.125 billion lbs, almost 4 percent above the export forecast for 2018. First-quarter 2018 pork exports were almost 6 percent higher than a year earlier, with strong shipments to South Korea offsetting lower exports to Mexico and Japan.

Sheep/Lamb: The early arrival of the Easter and Passover holidays this year likely contributed to strong first-quarter domestic lamb and mutton production. Production is expected to moderate for the rest of the year and into 2019 due to the limited number of market lambs. Lamb and mutton imports continue at very high levels in 2018, remaining well above 5-year average levels, with first-quarter 2018 lamb and mutton imports recorded at 80 million pounds, equaling the same period last year. The sheep and lamb price reported as USDA's benchmark has been changed from the Choice Slaughter Lamb price, San Angelo, Texas to the Choice and Prime Slaughter Lamb price, St. Joseph, Missouri (MO).

Poultry/Eggs: Some broiler hatchery challenges have remained, while heavier birds and announced facility construction drive 2018/2019 production projections. Broiler prices are currently strong, as reflected in upward revisions to 2018 projections. Table egg hatchery data confirmed expansion intentions, while recent egg prices declined seasonally, then reverted to more normal levels. Turkey production is expected to decline in 2018 and increase only marginally in 2019 as producers work to counter historically low prices and rising stocks in cold storage.

Cattle / Beef

Russell Knight and Lekhnath Chalise

2019 Beef Production Forecast Marginally Higher

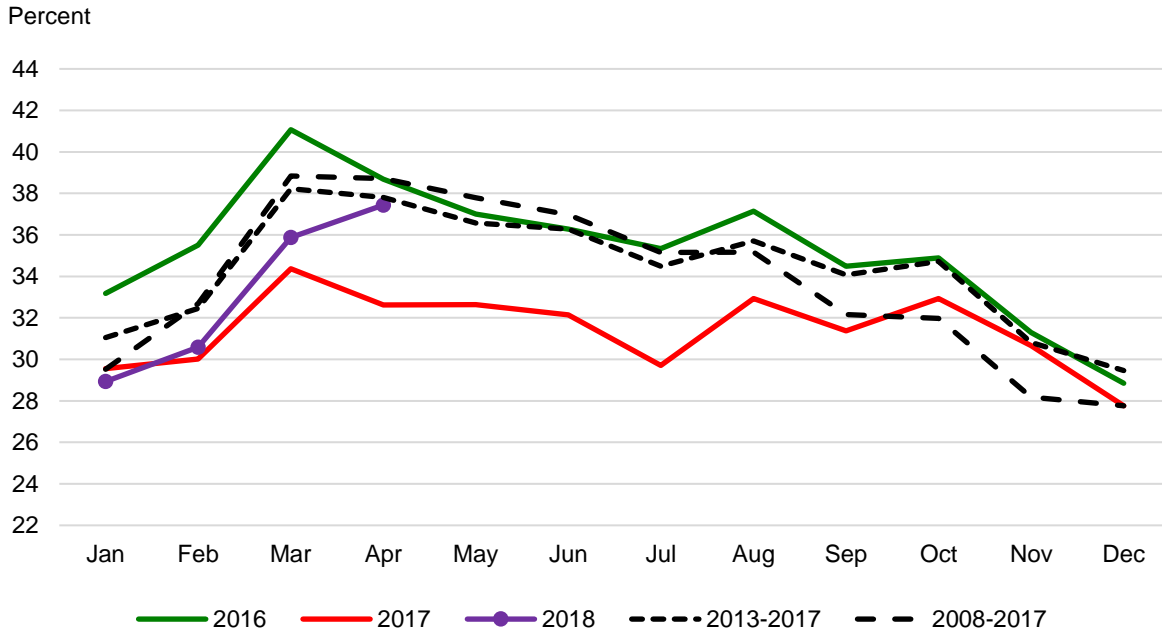
Beef production for 2019 is projected to expand to 27.7 billion pounds, 1.8 percent above 2018. Cattle placements during second-half 2018 and early 2019 are anticipated to be marginally higher, and these cattle will be slaughtered during 2019. Carcass weights are also expected to be higher, which together with an increase in slaughter numbers provides almost 500 million additional pounds of beef compared to 2018. Both domestic and foreign demand will absorb the increase in supplies. Aggregate domestic beef disappearance next year is expected to grow by 1.2 percent, the retail equivalent of 58.8 pounds per capita, compared with 58.1 pounds per capita in 2018.

2018 Beef Production Lower on Slower Marketings

Commercial beef production in first-quarter 2018 settled at almost 6.5 billion pounds, 2.6 percent higher than a year earlier. So far in the second quarter, based on USDA, Agricultural Marketing Service (AMS) reports of federally inspected cattle slaughter, steer and heifer slaughter volume and carcass weights are below expectations. Consequently, the second-quarter 2018 production forecast was cut by 305 million pounds to 6.8 billion pounds. For the third and fourth quarters of 2018, the production forecast was also cut on a slower pace of marketings, but that reduction was partly offset by heavier expected carcass weights. As a result, the full-year production forecast for 2018 was reduced from last month's forecast by 420 million pounds to a total of 27.2 billion pounds.

Despite large numbers of cattle on feed, expectations of fewer marketings in 2018 are based on the current and expected pace of fed cattle slaughter. As illustrated in the chart below, the percentage of cattle on feed over 120 days has grown seasonally since the beginning of the year. However, the percentage on April 1 has grown to historical norms. It is anticipated that marketings will track closer to historical norms as the industry works through the volume of cattle on feed and those to be placed in the coming quarters. This likely translates to cattle being on feed longer, and this pattern is expected to carry over into 2019.

Percent of cattle on feed over 120 days

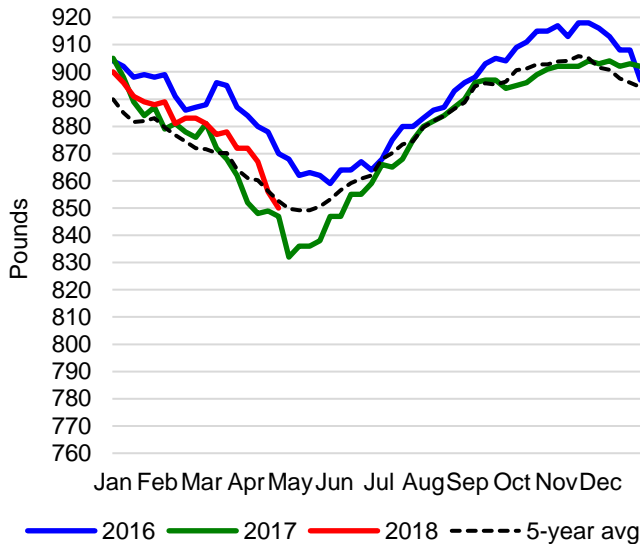


Source: U.S. Dept. of Agriculture, National Agricultural Statistics Service.

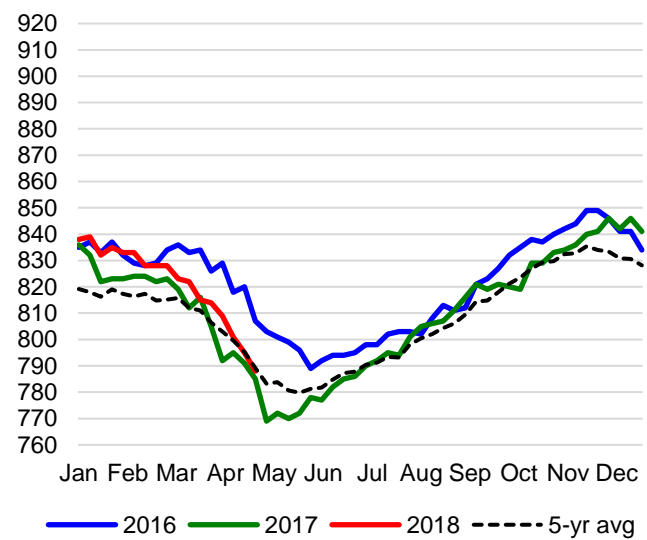
Carcass Weights Drop in Second Quarter; Rebound in Late-2018 and 2019

As expected, cattle carcass weights seasonally drop from January through the spring before bottoming out in May (see chart below). Based on AMS reports of federally inspected cattle slaughter, monthly steer carcass weights dropped 17 pounds from March to an estimated 861 pounds in April. Meanwhile, heifer carcass weights dropped 22 pounds from March to an estimated 798 pounds in April. However, steer and heifer carcass weights remained about 12 and 7 pounds, respectively, above April 2017. It should be noted that the large drop in carcass weights vis-à-vis March reflects, in part, a seasonal shift toward a greater proportion of cattle weighing under 600 pounds placed in feedlots in fourth-quarter 2017. Cattle placed at lighter weights are likely marketed at lighter weights.

Weekly steer carcass weights



Weekly heifer carcass weights



Source: U.S. Dept. of Agriculture, National Agricultural Statistics Service

In first-quarter 2018, the reverse happened as more cattle were placed in feedlots at weights heavier than 800 pounds. In combination with the expectation that more cattle will be on feed longer, the anticipated average carcass weights were increased. As noted earlier, this may partially offset lowered expectations for slaughter during 2018.

Cattle Prices Have a Spring Bounce in Second Quarter

Feeder steer prices at the Oklahoma National Stockyards recovered from their 2018 monthly low of \$141.55 per hundredweight (cwt) in March to \$146.51/cwt in April. Prices have benefited, as supplies of cattle outside feedlots are tight. Feeder steer prices are expected to average \$142.00-\$146.00/cwt in the second quarter. Annual feeder steer prices for 2018 are forecast to average \$138.00-\$144.00/cwt. In 2019, average annual feeder steer prices are expected to average \$135.00-\$147.00/cwt.

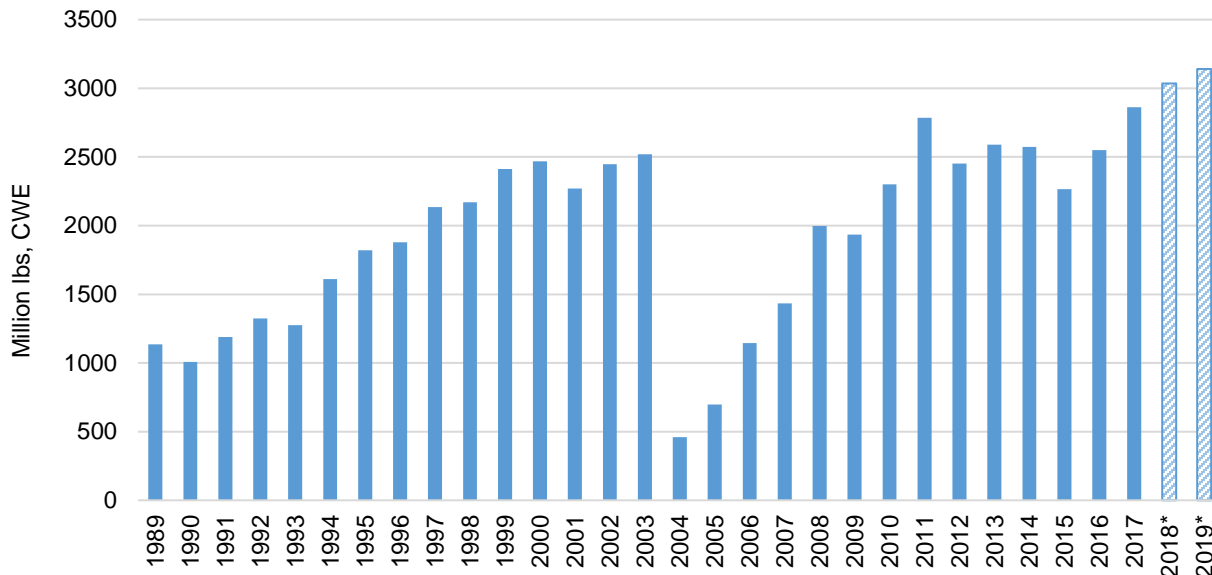
Weekly weighted average fed cattle prices rebounded from the 2018 low of \$116.73/cwt for the week ending April 8 to \$124.81/cwt for the week ending May 6. Firm demand and a moderate marketing pace will likely support fed steer prices in the second quarter to average \$116.00-\$120.00/cwt, about \$2 above last month's forecast. However, fed cattle prices will likely edge lower in the second half of the year as the supply of fed cattle increases and carcass weights make their seasonal rebound. The 2018 annual price for fed steers in the 5-area marketing region is forecast to average \$114.00-\$119.00/cwt. Looking ahead to 2019, annual fed steer prices are forecast to average \$113.00-\$122.0/cwt.

U.S. Beef Exports To Set New Record in 2019

U.S. beef exports in 2019 are forecast at 3.150 billion pounds, a new record volume. This is up 3.8 percent from the current year (see chart below) and is based on expected firm global demand and a projected increase in U.S. beef supplies. Increased exports are expected to ship mainly to Asian markets.

U.S. beef exports increased 12 percent in first-quarter 2018 from year-earlier levels, to 730 million pounds. Double-digit year-over-year export growth in the first 3 months of the year, particularly to South Korea (+28.8 percent), Hong Kong (+33.7 percent), and Taiwan (+36.7 percent), pushed exports to a record high in the first quarter. As a result of higher than expected first quarter shipments, the 2018 beef export forecast is revised upward from the previous month's forecast to 3.035 billion pounds. The forecasts for remaining quarters in 2018 were unchanged from the previous month.

U.S. beef exports to set new record high in 2019



Source: U.S. Dept. of Agriculture, Economic Research Service.
 Note: * indicates forecast values, CWE indicates "Carcass Weight Equivalent"

Beef Imports Forecast Higher in 2019

U.S. beef imports in 2019 are forecast at 3.140 billion pounds based on sustained demand for lean meat in the United States and higher production among beef suppliers. Most of the increased imports for 2019 are expected from major suppliers in Oceania and North America. U.S. beef imports in first-quarter 2018 were up 3.3 percent from the previous year to 722 million pounds. Among major suppliers, Canada (+23.6 million pounds), New Zealand (+10.8 million pounds), and Nicaragua (+8.6 million pounds) supplied most of the volume increases and raised their market shares (see table below) compared to a year ago. Increased beef production in Canada and New Zealand in the beginning of 2018 boosted their respective shipments. Year-over-year declines in import volumes were mainly from Mexico (-23.6 million pounds) during the first-quarter 2018 period. Lower than expected first-quarter imports pulled down the 2018 import forecast to 3.032 billion pounds. Forecasts for the remaining quarters of 2018 were unchanged from the previous month's forecast.

Year-over-year changes in first-quarter U.S. beef import shares by major suppliers

	<u>Beef Imports (Million Pounds)</u>		<u>YOY change</u>	<u>Share in Percentage</u>	
	2017	2018	Percentage	2017	2018
Canada	152	175	15.5	21.7	24.3
New Zealand	163	174	6.7	23.3	24.1
Australia	142	141	-0.6	20.3	19.6
Mexico	146	123	-16.1	20.9	17.0
Nicaragua	32	40	26.9	4.6	5.6
Brazil	31	32	4.3	4.4	4.5
Uruguay	23	23	3.2	3.2	3.2
Others	10	12	22.2	1.4	1.7
Total	699	722	3.3	100.0	100.0

Source: U.S. Dept. of Agriculture, Economic Research Service.
Note: YOY indicates "Year-over-year."

First-Quarter 2018 U.S. Cattle Imports Lower, Exports Up

U.S. cattle imports through March 2018 declined by 9.7 percent from the previous year to 467,305 head. AMS weekly import estimates show growing imports in recent weeks from Mexico. However, the 2018 U.S. cattle imports forecast from the previous month was left unchanged at 1.905 million head. The 2019 cattle import forecast is increased slightly to 1.960 million head based on expected growing cattle production in Mexico and normal pasture conditions in the United States.

First-quarter 2018 cattle exports reached 37,633 head, up 18-percent from year-earlier levels. Cattle exports for 2018 are unchanged from the previous month at 160,000 head. A slight decline is forecast for 2019 exports to 150,000 head.

Dairy

Jerry Cessna and Jonathan Law

Recent Developments in Dairy Markets

From the week ending March 31 to the week ending May 5, most wholesale dairy product prices increased, as reported in the USDA *National Dairy Products Sales Report* (NDPSR). The exception was a 3-cent fall in the price of 500-pound barrels of cheddar cheese. The largest change was a 12.6 cent increase for the butter price.

Dairy wholesale product prices (dollars per pound)

	For the week ending		Change
	Mar. 31	5-May	
Butter	2.2134	2.3396	0.1262
Cheddar cheese			
40-pound blocks	1.5953	1.6405	0.0452
500-pound barrels ¹	1.5472	1.5164	-0.0308
Nonfat dry milk	0.6932	0.7631	0.0699
Dry whey	0.2585	0.2692	0.0107

¹ Adjusted to 38-percent moisture.

Source: USDA, Agricultural Marketing Service, *National Dairy Products Sales Report*.

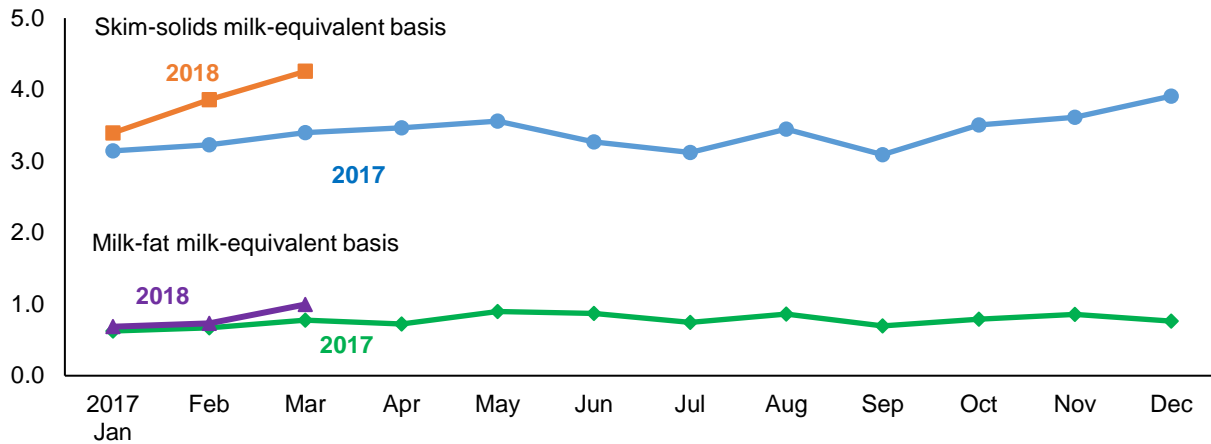
U.S. dairy product prices have continued competitive with foreign export prices. USDA *Dairy Market News* reported that Oceania and Western Europe export prices in April were \$2.54 and \$2.98 per pound for butter, respectively, and \$0.88 and \$0.75 for skim milk powder (SMP), respectively.¹

Global demand and competitive U.S. prices led to high exports among a wide variety of dairy products in the first quarter. In March, commercial exports of dairy products reached a record 4.255 billion pounds on a skim-solids milk-equivalent basis. On a milk-fat milk-equivalent basis, dairy exports were 996 million pounds, the highest level since July 2014. March exports of NDM/SMP, whey products, lactose, cheese, and butterfat products were higher than February of this year and March 2017. Exports of whey protein concentrate and lactose reached records of 37.0 million and 83.7 million pounds, respectively.

¹ Foreign export prices are midpoints of price ranges reported free on board (f.o.b.) port of the exporting country; they are reported voluntarily and reflect prices for products that may be shipped in subsequent months.

U.S. dairy exports

Billion pounds

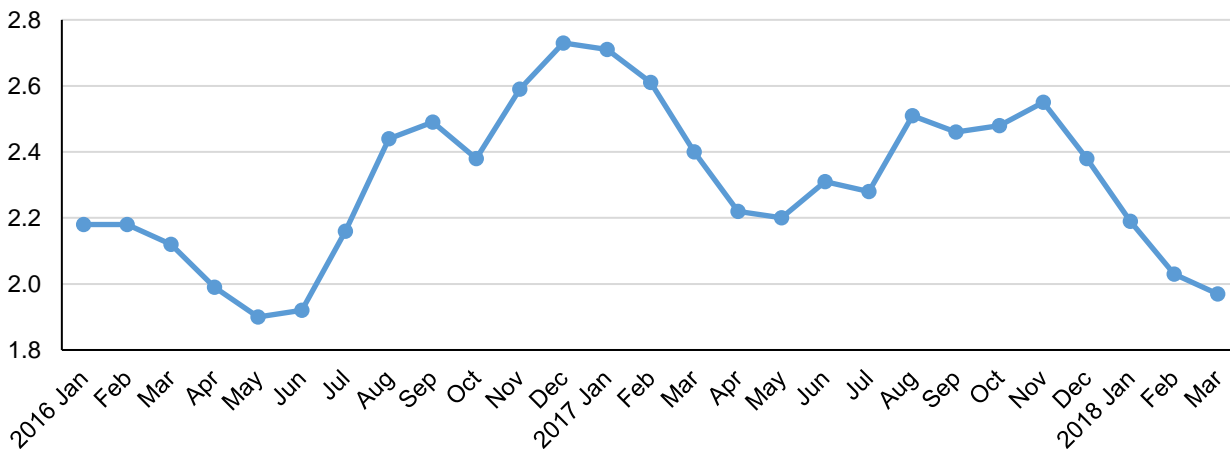


Sources: U.S. Dept. of Agriculture: National Agricultural Statistics Service, Farm Service Agency, Foreign Agricultural Service, and Economic Research Service calculations; and U.S. Dept. of Commerce, Bureau of the Census.

U.S. milk production has continued to grow, but the year-over-year growth rate has been declining. In March, the year-over-year growth rate was 1.3 percent, lower than 1.7 and 1.6 percent in January and February, respectively. Milk cows numbered 9.406 million head in March, 2,000 less than February. Dairy cow slaughter rates continue to exceed those of last year. Milk per cow was 2,019 pounds, 1.1 percent higher than March 2017.

Feed prices have continued to rise. In March, the 16-percent protein feed value, as calculated by USDA National Agricultural Statistics Service (NASS), was \$7.91 per hundredweight (cwt).² It has risen each month since November, when it was \$7.13 per cwt. While feed prices have risen, the all-milk price has fallen from \$18.20 per cwt in November to \$15.30 in February before rising slightly to \$15.60 in March. With rising feed prices and relatively low milk prices, the milk-feed ratio fell to 1.97 in March, the lowest point since June 2016.

Milk-feed ratio



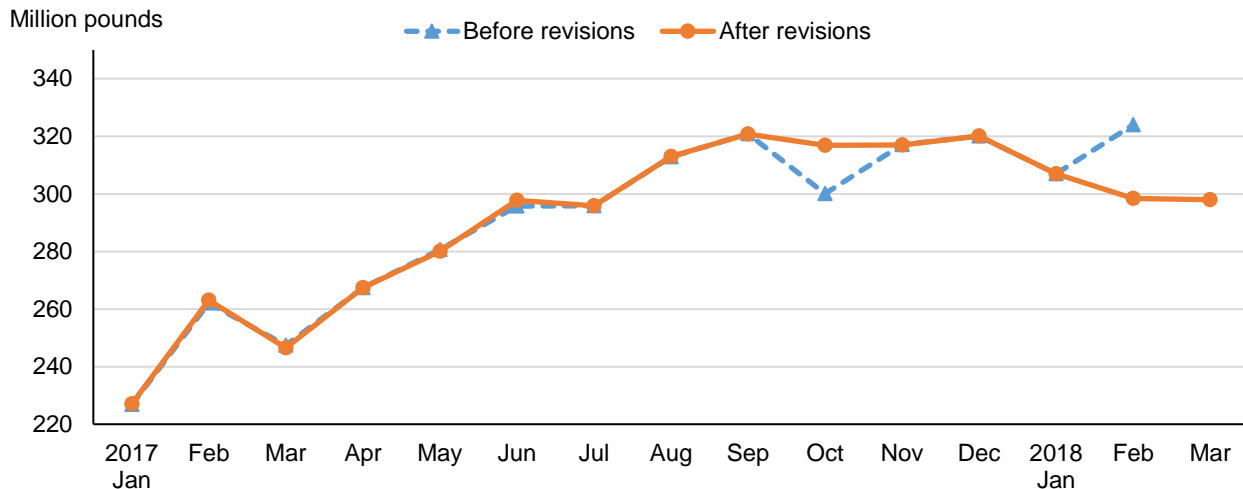
The milk-feed ratio is an estimate of the pounds of 16-percent mixed dairy feed equal in value to 1 pound of producer milk.

Source: U.S. Department of Agriculture, National Agricultural Statistics Service.

² The price of commercial prepared dairy feed is based on U.S. prices received for corn, soybeans, and alfalfa. The price calculated is for 100 pounds of feed, with the modeled feed using 51 percent corn, 8 percent soybeans, and 41 percent alfalfa.

Stock levels have continued high. On a milk-fat basis, March ending stocks were 16.4 billion pounds, 0.4 billion more than February this year and 0.4 billion more than March 2017. Although stocks remained high on a skim-solids basis, 11.4 billion pounds at the end of March, they have fallen from 11.8 billion pounds at the end of 2017. Recently, NASS significantly revised nonfat dry milk (NDM) stock estimates; whereas February NDM ending stocks were previously estimated to be 324 million pounds, the most recent estimate for February is 298 million pounds. March ending stocks were reported to be about the same as February.

U.S. nonfat dry milk stocks



Source: U.S. Department of Agriculture, National Agricultural Statistics Service.

Domestic demand growth appears to have been relatively low in the first quarter of 2018. Compared to the first quarter of 2017, domestic use grew by 1.1 percent on a milk-fat basis and 0.3 percent on a skim-solids basis.

Outlook for Feed Prices

Feed price forecasts for 2017/18 have been raised from last month's forecast, with price forecasts for corn and soybean meal of \$3.25-\$3.55 per bushel and \$360 per short ton, respectively. The alfalfa hay price in March was \$166 per short ton, \$11 higher than February and \$32 higher than March of last year. The average corn price for 2018/19 is expected to be \$3.30-\$4.30 per bushel, 40 cents higher than the 2017/18 estimate at the midpoint. The 2018/19 average soybean meal is projected at \$330-\$370 per short ton, \$10 lower than the 2017/18 estimate at the midpoint. For more information, see the USDA Economic Research Service publication *Feed Price Outlook*.

Dairy Forecasts for 2018

With the size of the milking herd falling slightly in March, relatively high slaughter rates in recent months, and higher expected feed prices, the annual milk cow estimate for 2018 has been lowered by 5,000 head to 9.410 million. Higher feed-price forecasts have muted expectations for yield growth; as a result, the milk per cow forecast has been lowered to 23,240 pounds for the year. These changes result in a milk production forecast of 218.7 billion pounds for the year, 0.3 billion pounds lower than the previous forecast.

Based on competitive U.S. prices and expectations for higher exports of NDM/SMP, whey products, lactose, cheese, and butterfat products, 2018 export forecasts have been raised from last month's

forecast to 9.9 billion pounds on a milk-fat basis (+0.3 billion) and to 45.1 billion pounds on a skim-solids basis (+1.7 billion). With lower expected milk production and higher exports supporting higher dairy product prices, domestic use forecasts for 2018 have been lowered from last month to 214.2 billion on a milk-fat basis (-0.5 billion) and to 179.1 billion pounds on a skim-solids basis (-1.8 billion pounds). Due to lower-than-expected ending stocks for the first quarter, lower expected milk production, and higher expected exports, 2018 ending stock forecasts have been lowered from last month to 12.6 billion pounds on a milk-fat basis (-0.3 billion) and to 11.0 billion pounds on a skim-solids basis (-0.5 billion)

Product price forecasts for 2018 have been raised across the board. Recent price strength and higher expected exports motivated an increase in the cheddar cheese price forecast of 5 cents at the midpoint of the range, to \$1.600-\$1.650 per pound. The same is true for the butter price forecast, which has been raised 3.5 cents at the midpoint of the range to \$2.245-\$2.325 per pound. The dry whey price forecast for 2018 is now \$0.255-\$0.285 per pound, slightly higher than last month's estimate. Recent gains in NDM prices should be supported by higher exports for the remainder of 2018; as a result, the NDM price forecast has been raised to \$0.740-\$0.780, 4 cents higher at the midpoint than last month's forecast.

Higher product price forecasts have resulted in higher milk price forecasts for 2018. The Class III price is now forecast at \$14.80-\$15.30 per cwt for the year, 60 cents higher at the midpoint of the range than last month's forecast; the Class IV price is forecast at \$13.75-\$14.35 per cwt, 50 cents higher at the midpoint of the range. The all-milk price forecast for 2018 is \$16.20-\$16.70 per cwt, 60 cents higher at the midpoint than last month's projection.

Dairy Forecasts for 2019

The forecast for the size of the milking herd is 9.410 million, level with the 2018 forecast. Milk per cow, however, is expected to continue to grow, averaging 23,535 pounds for 2019. Milk production for 2019 is projected at 221.5 billion pounds, a modest 1.3 percent increase from the 2018 forecast.

Imports on a milk-fat basis are forecast at 5.5 billion pounds, the same as the 2018 forecast. Exports on a milk-fat basis are forecast to increase 0.3 billion pounds year-over-year to 10.2 billion. Domestic use is forecast at 216.6 billion pounds, a 1.1 percent increase from the forecast for 2018. Ending stocks on a milk-fat basis for 2019 are projected at 11.8 billion, 0.8 billion less than 2018.

On a skim-solids basis, 2019 imports are expected to remain steady at 5.8 billion pounds. Exports are forecast at 45.3 billion pounds, 0.2 billion pounds higher than the current 2018 forecast. While global demand is expected to continue growing in 2019, competition may limit export growth. Domestic use is expected to grow to 181.1 billion pounds, 1.1 percent higher than the 2018 forecast. Ending stocks are projected at 10.8 billion pounds, 0.2 billion less than the 2018 forecast.

Prices for butter and cheese in 2019 are expected to hold near 2018 levels. The 2019 cheddar cheese price forecast is \$1.585-\$1.685 per pound, 1 cent higher at the midpoint of the range than 2018. The 2019 butter price forecast is \$2.215-\$2.345 per pound, slightly lower at the midpoint of the range than the 2018 projection. The 2019 nonfat dry milk price is expected to be 2 cents higher at the midpoint than 2018 at \$0.745-\$0.815, as growth in export demand is expected to carry over into next year. Similarly, the domestic dry whey price is expected to continue to find support from overseas trading partners, rising 3 cents from 2018 at the midpoint of the range to \$0.285-\$0.315 per pound.

With higher expected cheese and whey prices, the Class III price forecast for 2019 is \$14.80-\$15.80 per cwt, 25 cents higher than the forecast for 2018. The Class IV price is forecast at \$13.65-\$14.75 per cwt, 15 cents higher at the midpoint of the range than the 2018 forecast, as the higher forecast for

nonfat dry milk price more than offsets the lower butter price. The all-milk price for 2019 is projected at \$16.25-\$17.25 per cwt, 30 cents higher at the midpoint of the range than the current 2018 forecast.

Pork / Hogs

Mildred Haley

Strong Production Increases Expected in 2019

Ongoing expansion of U.S pork processing capacity—which began in late 2017 and is set to continue into 2019—will most likely lead to strong year-over-year increases in commercial pork production in 2019. Production is expected to increase almost 3 percent next year, to about 28 billion pounds. However, it is likely that hog producers will receive only slightly higher hog prices next year—despite enhanced competition from processors, bidding to fill new processing plants—as processors' demand for hogs may be tempered by higher labor costs, while consumer demand for increased volumes of pork could be moderated by large supplies of competing meats. Prices for 51-52 percent lean hogs are expected to average \$43-\$46 per cwt in 2019, about 1 percent above forecast prices in 2018. This price forecast for 2019, combined with USDA's 2019 forecasts for corn and soybean meal—major components of hog feed—imply that some hog producers may operate at below-breakeven levels in 2019.

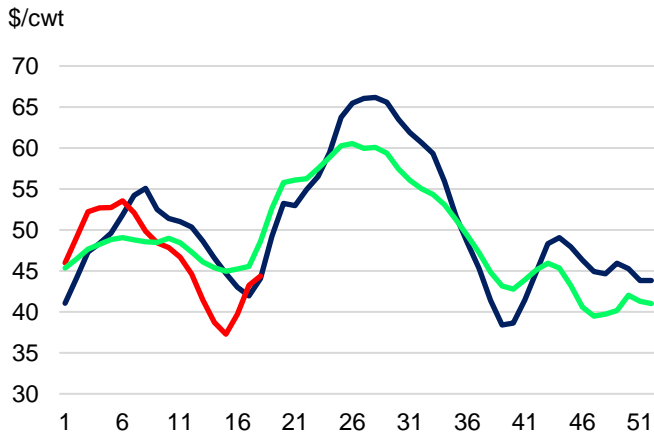
It is anticipated that exports will continue to be a key component of demand for U.S. pork in 2019. Pork exports next year, forecast at 6.125 billion pounds, or almost 4 percent higher than exports forecast for 2018, will be driven by the favorable prices from stepped-up U.S production volumes, relative to prices of pork produced in competing countries and regions. Similar to this year, 2019 production and export forecasts, taken together, imply that exports will account for slightly more than 22 percent of U.S. commercial pork production next year.

2019 forecasts for U.S. pork imports and quarterly ending stocks are mostly in line with historic ratios. Imports next year, expected to be about 1.1 billion pounds, account for about 5 percent of total pork disappearance. Despite increased forecast production increases in 2019, quarterly ending stocks next year are expected to be in line with average historic ratios, or about 10 percent of commercial pork production. Combined, production, trade, and ending stocks forecasts leave a residual total pork disappearance volume next year more than 2 percent higher than in 2018, or 53.1 pounds on a retail per capita basis. This per capita disappearance is the highest since 1981.

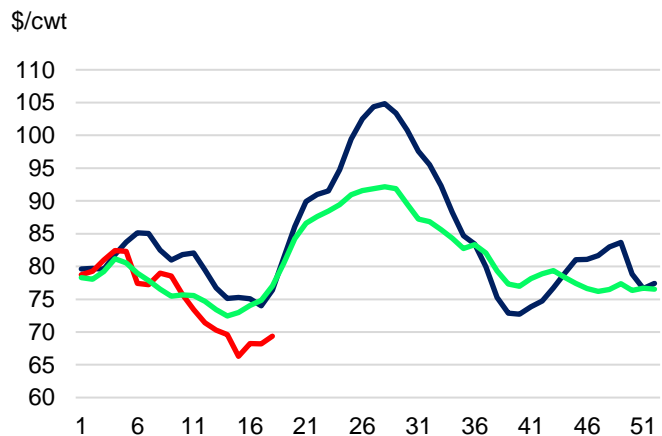
Delayed Spring Keeps a Lid on 2018 Pork Prices and Packer Gross Margins

Prices of live equivalent 51-52 percent lean hogs hit their seasonal low in mid-April, and in early May achieved parity with year-earlier levels. Wholesale pork values—summarized by the USDA estimated composite pork carcass cutout—also reached their seasonal low in mid-April, but they remain below both year-earlier and 3-year average price levels in mid-May. Slower consumer demand, resulting in downward-drifting wholesale prices for pork cuts, has been attributed to large supplies of competing meats, and unseasonably cool, damp spring weather, and also to large increases of pork production. For pork processors, strengthening input prices (i.e., hog prices) and stagnant-to-lower pork prices equal a recipe for squeezed packer margins. In April, gross packer margins averaged about \$41 per head, more than 6 percent lower than a year ago.

Weekly hog prices: 51-52 percent lean, live equiv. Weekly wholesale carcass cutout

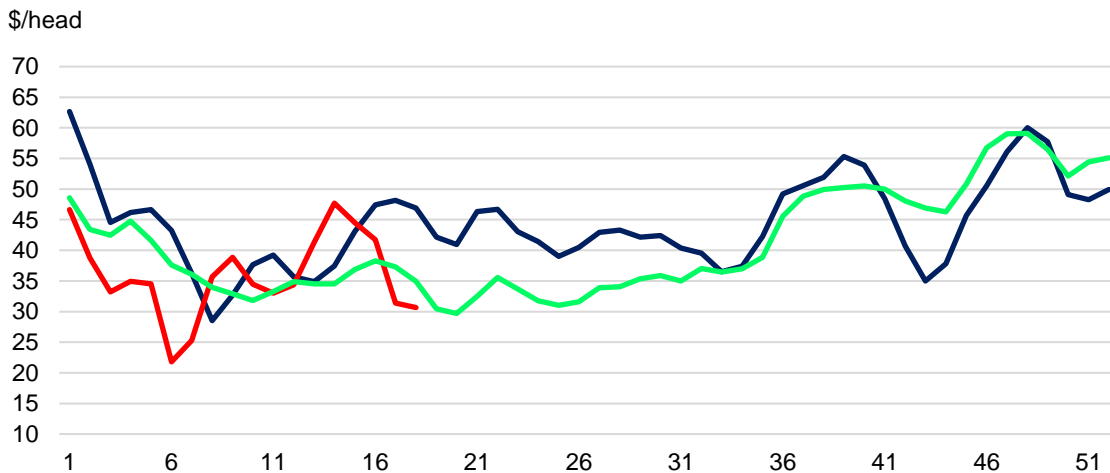


Source: Agricultural Marketing Service, USDA.



Source: Agricultural Marketing Service, USDA.

Weekly gross packer margin



Source: Agricultural Marketing Service, USDA.

Second-quarter hog prices are expected to average \$44-\$46 per cwt, 13 percent below a year ago. Lower hog prices are attributable not only to year-over-year larger hog supplies, but likely also to a slower-than-expected ramp-up in processor hog demand at some of the new Midwest processing facilities. While a seasonal spark to consumer meat demand is anticipated as warmer weather sets in, slower packer demand for hogs is expected to weigh on hog prices for the balance of 2018. Third- and fourth-quarter hog prices are expected to average \$44-\$46 per cwt (19 percent below a year earlier) and \$36-\$38 per cwt (17 percent below a year earlier), respectively.

Pork Exports Record High for the First Quarter

U.S. pork exports: Volumes and export shares of the 10 largest foreign destinations, Jan.-Mar. 2017 and 2018

Country	Exports 2017 First qtr. (mil. lbs)	Exports 2018 First qtr. (mil. lbs)	Percent change (2018/2017)	Export share 2017 First qtr. %	Export share 2018 First qtr. %
World	1,432	1,516	5.8		
1 Mexico	466	457	-2.0	32.6	30.2
2 Japan	321	314	-2.1	22.4	20.7
3 South Korea	157	211	34.5	10.9	13.9
4 China/Hong Kong	131	135	3.4	9.1	8.9
5 Canada	124	125	0.5	8.7	8.2
6 Colombia	44	65	48.9	3.0	4.3
7 Australia	61	62	2.2	4.2	4.1
8 Dominican Republic	23	28	21.5	1.6	1.9
9 Honduras	20	22	7.9	1.4	1.4
10 Philippines	16	16	-3.7	1.1	1.0

Source: Economic Research Service, USDA.

First-quarter shipments to Mexico were 2 percent lower than a year ago, likely due in part to Mexico's strong first-quarter imports of U.S turkey products. Mexico imported almost 21 percent more turkey in the first quarter of 2018 than in the same period a year ago. As both imported U.S. pork and turkey products are used primarily as inputs in the Mexican further-meat-processing industry, it could be that well-priced U.S turkey limited first-quarter demand for imported U.S pork.

U.S exports to Japan were also year-over-year lower in the first quarter. Shipments amounted to 314 million lbs, down 2.1 percent from a year ago. First-quarter Japanese Government import data show total pork imports for the period were about 1 percent lower than for the same-period a year ago. First-quarter trade shares, calculated with Japanese Government import data and summarized below, suggest that the European Union pork was likely more competitive, accounting for a higher share of first-quarter Japanese imports than other major exporting countries, including the United States.

Major exporting country shares of Japan pork imports, first quarter, 2017 and 2018		
	2017	2018
Country	First quarter	First quarter
	Import Share	Import Share
United States	36.48	35.63
Canada	19.46	19.25
Mexico	8.35	8.34
EU	30.79	31.92
Other	4.91	4.86
Source: Global Trade Atlas.		

Higher first-quarter exports to South Korea more than offset lower shipments to Mexico and Japan, however. At 211 million pounds, exports to South Korea were almost 35 percent higher than a year ago. Factors that contributed to the increase include tight domestic pork supplies in Korea—which are expected to ease later in the year—and tariff advantages, with respect to EU pork products, that derive from the U.S-Korea Free Trade Agreement.

Second-quarter exports are expected to be 1.425 billion lbs, about the same as a year earlier. Third-quarter shipments are forecast at 1.3 billion pounds, almost 6 percent higher than in the same period last year. In the fourth quarter—the period of peak U.S pork production—pork exports are expected to be 1.675 billion lbs, almost 9 percent above a year earlier. It is anticipated that pork exports for 2018 will total 5.9 billion pounds, about 5 percent higher than exports in 2017, and will account for slightly more than 22 percent of U.S pork production.

Sheep / Lamb

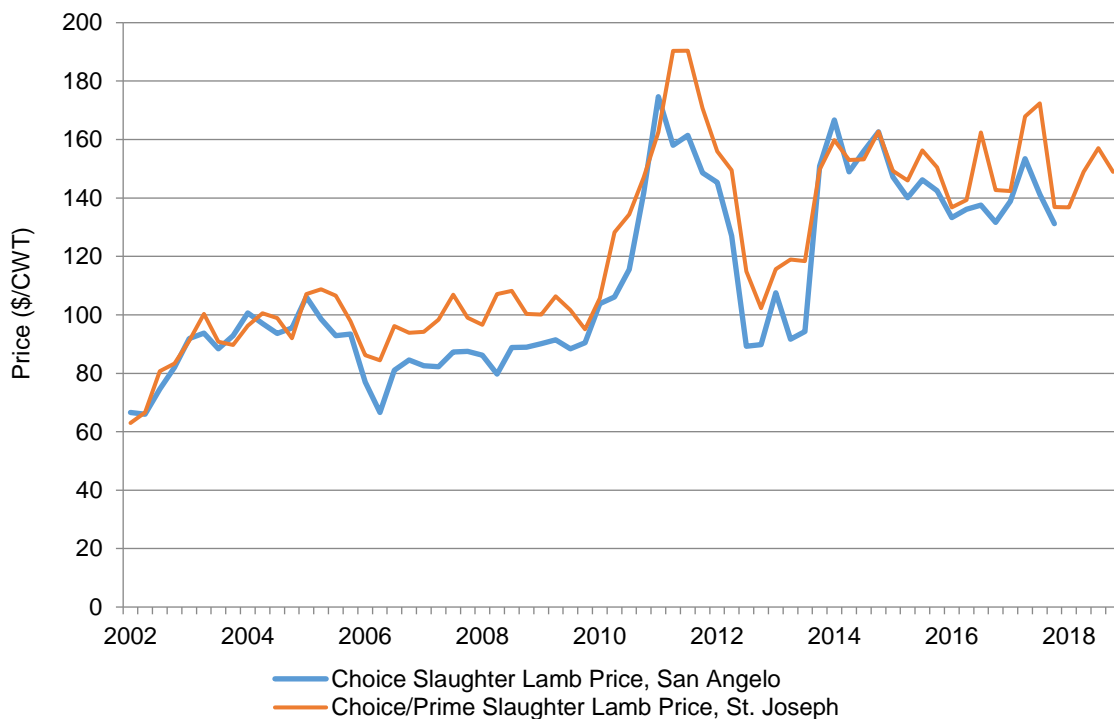
Keithly Jones

Lamb Prices for Second Quarter Expected To Remain Strong

Note: The Sheep and lamb price reported as USDA's benchmark has been changed from the Choice Slaughter Lamb price, San Angelo, Texas to the Choice and Prime Slaughter Lamb price, St. Joseph, MO, a national weighted average price of live purchases. Effective May 2019, ERS will now report the St. Joseph's price. Historical prices for Choice Slaughter Lamb Prices at San Angelo, Texas will be available as part of the ERS Livestock and Meat Domestic data series. Both prices have tended to move together.

First-quarter 2018 Choice/Prime Slaughter Lamb Price at St. Joseph, MO, came in at \$136.83 per cwt. April prices strengthened slightly and averaged \$149.05 per cwt, up \$6.33 from March. Prices are expected to maintain their strength in the ensuing months due to continued tight supplies. Second-quarter Choice/Prime Slaughter Lamb prices at St. Joseph are expected to average \$147-\$151 per cwt. Full-year forecasts for 2018 and 2019 are expected to average \$146 to \$154 per cwt.

Slaughter lamb prices have strengthened since 2013



Source: Agricultural Marketing Service, USDA, 2000-2018.

First-quarter 2018 lamb and mutton production was estimated at 39 million pounds, 2 percent above the same period last year and the highest for the period since 2012. The early arrival of the Easter and Passover holidays this year likely contributed to higher numbers. The higher production also suggests that there was fairly strong seasonal demand during this period. However, the seasonal strength is likely to abate in second-quarter 2018. Production is forecast at 35 million pounds, a 2-percent decline

from last year. Production in April is estimated at 11 million pounds, more than 3 million pounds below March 2018. Production is expected to remain fairly tight for much of the rest of 2018 and for 2019 due to the limited number of market lambs. As a result, production for both 2018 and 2019 is forecast at 146 million pounds

Imports continue at very high levels in 2018, remaining well above 5-year-average levels. First-quarter 2018 lamb and mutton imports were 80 million pounds, equaling the same period last year. After much stronger year-over-year imports in January and February, imports in March were 10 percent below March 2017. Imports are forecast to remain strong for the rest of 2018, totaling 252 million pounds and showing little change from 2017. Given continued tight U.S. lamb supplies and improving strength of the U.S. currency relative to Australia and New Zealand, imports are forecast to increase a further 2 percent in 2019. Australia and New Zealand remain the dominant lamb and mutton suppliers, providing 99 percent of U.S. imported sheep products. For the first quarter of 2018, Australia supplied nearly 62 million pounds and New Zealand supplied nearly 18 million pounds. Canada was the only other consistent supplier of imported lamb, sending just over 36 thousand pounds of lamb and mutton to the United States.

Tight supplies appear to be weighing on exports. First-quarter 2018 lamb and mutton exports came in at 1.28 million pounds, an 8-percent decline from the same period in 2017. Lamb and mutton exports in March 2018 totaled 0.49 million pounds, a 23-percent decline from March 2017. Exports to Mexico, the main buyer of U.S. lamb and mutton, declined sharply, showing a 40-percent decline in March and a 46-percent decline for first-quarter 2018.

Poultry

Sean Ramos, Kim Ha and Alex Melton

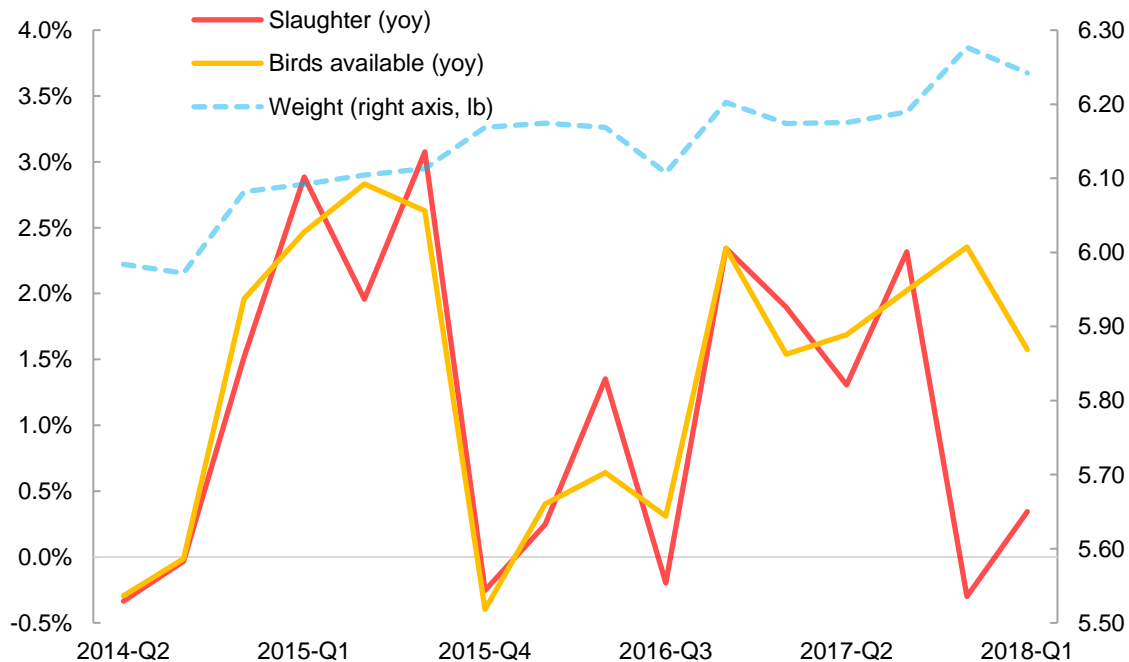
Broilers: Production Constrained in 2018, Forecast Higher in 2019

Broiler hatchery data has continued to suggest some challenges in expanding production. Estimated eggs hatched per layer in the first quarter of 2018 were down 2.8 percent from last year. While a larger inventory of layers more than compensates for the reduced hatching rate, slaughter data also reflects some production setbacks. In March, birds slaughtered were only about 0.6 percent above a year earlier (on a per slaughter day basis).

Recent growth in bird slaughter was less than would be expected from birds available in growing operations. The figure below compares growth rates for broiler slaughter with growth estimates for birds placed in growing operations 6-7 weeks earlier (assumed to be mature and available for slaughter). Until recently, these series had only small differences, which often balanced out in succeeding quarters. Recent bird slaughter growth fell behind the increase in birds available in the last two quarters (fourth-quarter 2017 and first-quarter 2018), with shortfalls of 2.7 and 1.2 percentage points, respectively.

Growth rates diverge for birds slaughtered versus birds available for slaughter

Year-over-year (yoy) growth in quarterly slaughter and estimated bird availability, and bird weights



Source: U.S. Dept. of Agriculture, National Agricultural Statistics Service and Economic Research Service calculations.

This recent slowing in the slaughter rate reflects producers growing birds longer—and thus heavier than they would be otherwise. Substantial weight increases in the last two quarters returned weights to the more normal growth trend that had been interrupted during the prior year. By slaughtering birds at

heavier weights, producers can offset expected restraints on growing more larger-sized broilers due to downward trends in hatching rates and lags that delay expansion of the breeding layer inventory.

Although the first-quarter production estimate was raised to reflect March data, projections for the outlying quarters of 2018 are not revised and annual production growth is forecast at 1.6 percent. Production for 2019 is forecast at 4.34 billion pounds, a 2.3-percent growth rate. In addition to a response to higher prices in 2018, higher 2019 growth is based partly on announcements of new production facilities that are expected to be operating in 2019.

Exports

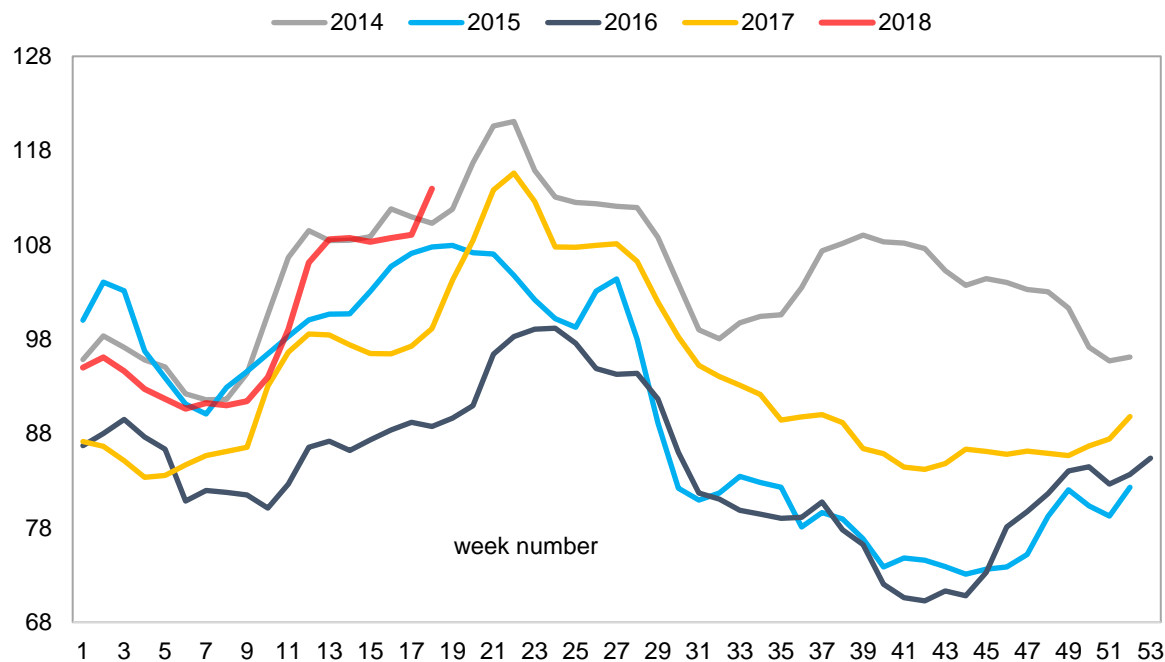
Broiler exports for first-quarter 2018 were 1,708 million pounds, down slightly (0.14 percent) from the same period last year. This small contraction was attributable to year-over-year decreases of exports to Mexico (-1.9 percent), Canada (-11 percent), Hong Kong (-22.7 percent) and South Africa (-21 percent), which constituted approximately 30.7 percent of U.S. broiler exports. However, these declines were partially offset by increased exports to Taiwan (+72.5 percent), Cuba (+14.5 percent) Angola (+2.3 percent), Guatemala (+7 percent), Vietnam (+42.1 percent) and the Philippines (+9.4 percent). These export markets represented 32.5 percent of the U.S. broiler export market. Broiler exports for 2019 were forecast at 7,100 million pounds, a 2.3-percent increase over 2018 total projections.

Prices Robust, 2018 Forecasts Raised

April weekly prices for whole broilers (national composite) were stable and remained well-above last year (see figure below). In the first week of May, prices moved up 5 cents and crossed above 2014 levels for the comparable week, indicating robustness that likely derives from supply factors as well as seasonal demand factors. Warmer weather normally drives meat prices higher by giving home chefs more grilling opportunities. Additionally, this year's strong bird weights may have constrained the availability of smaller birds that form a substantial portion of the whole bird market. The Agricultural Marketing Service's preliminary slaughter data showed a year-to-date decline of 4 percent in birds slaughtered at 6.25 pounds and below (through the week ending April 28). The decline was most pronounced after mid-March. The projected 2018 average price is revised to \$1.00-\$1.04 per pound, and 2019 is forecast at \$0.97-\$1.05 per pound.

Recent whole broiler prices surpass 2014 levels

Weekly prices for broilers (national composite) in dollars/pound, since 2014



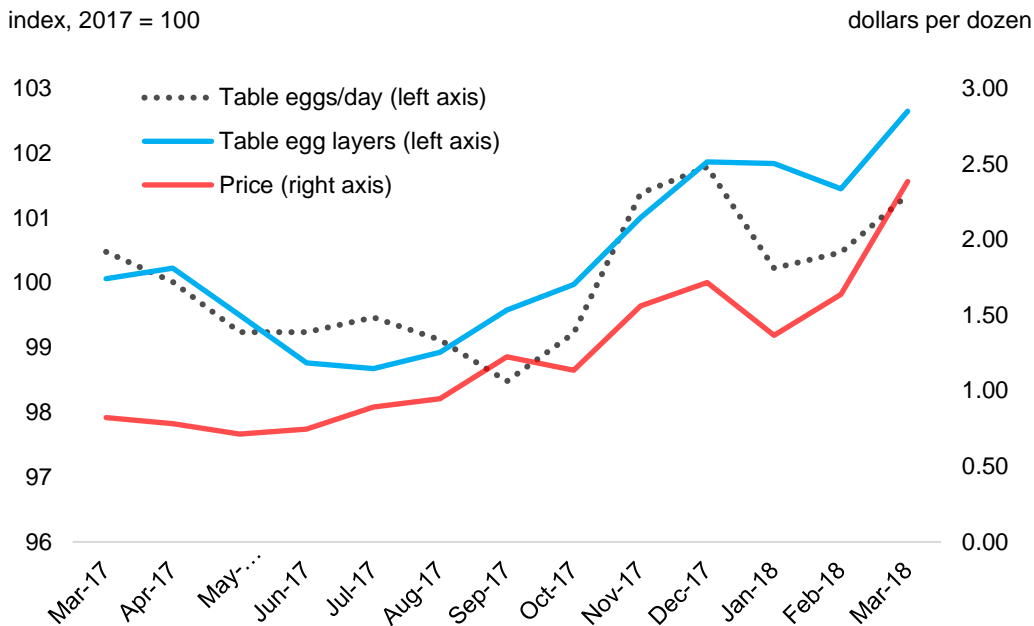
Source: U.S. Dept. of Agriculture, Agricultural Marketing Service.

Egg Production Expansion Proceeding

The March inventory of table egg layers averaged more than 324 million, 2.4 percent above last year. Table egg production, however, was less than 1 percent higher. While strong prices have encouraged producers to expand their layer inventory, egg production has not expanded as quickly (see figure below). When producers expand inventory, they can retain older layers or add newer birds, and both of these types of birds lay fewer eggs than layers at peak productivity. As of April 1, egg-type chicken eggs in incubators for hatching were up 8.1 percent from a year earlier, underlining industry intentions to expand production.

Projected production for all eggs in quarters 2 through 4, 2018, are not revised, with annual projected growth of 1.3 percent. Table egg production typically accounts for over 85 percent of all egg production in the data released by the National Agricultural Statistics Service (87 percent in 2017). Relatively weak lay rates for table eggs will likely persist as the flock is expanded and gradually rejuvenated during the current expansion. Production for 2019 is forecast at 9.11 billion dozen, over 2-percent growth.

Strong egg prices drive layer inventory higher, while egg production growth lags
Table egg layer inventory and production indices, and egg prices (grade A large, New York)



Source: U.S. Dept. of Agriculture, including National Agricultural Statistics Service, Agricultural Marketing Service, and Economic Research Service (calculations).

Historical Egg Statistics Revised

The Economic Research Service (ERS) has revised its methods for converting dry- and liquid-egg products into shell-egg equivalent quantities and started including dried-egg inventory in its storage calculations. These changes led to revised estimates of per capita disappearance amounting to a fraction of an egg or less in most quarters for 2000-2017.³

The addition of dried egg inventory led to a substantial revision as dried products form the majority of egg products in storage (see figure below). Ending stock projections for 2018 were revised upward to 101 million dozen (shell equivalent), and 2019 stocks were forecast at 96 million dozen.

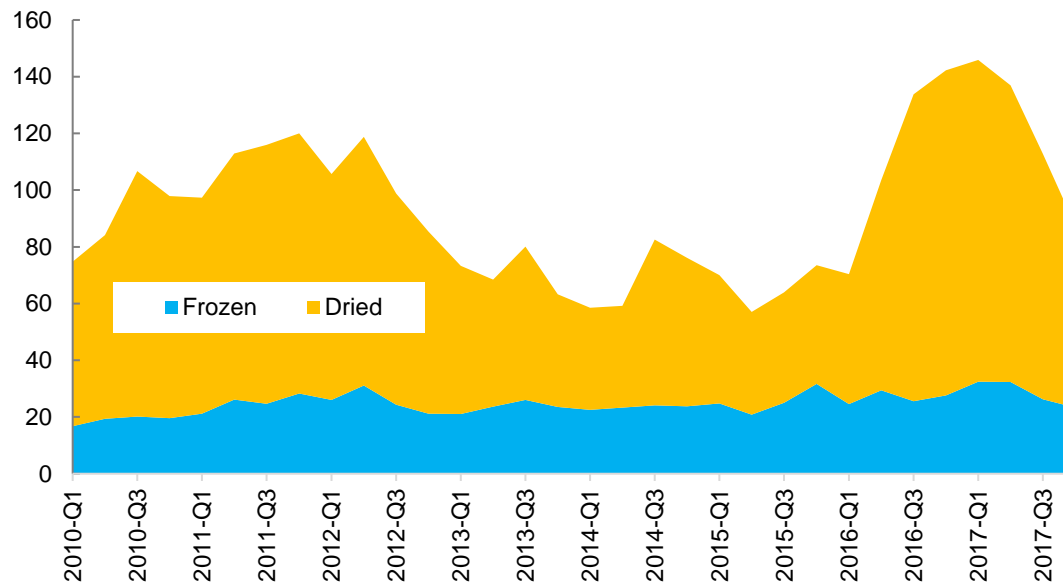
Export and import projections for 2018 were revised upward to 336 million and 34 dozen (shell equivalent), respectively, due largely to new estimates for converting whole dry eggs.⁴ Exports for 2019 were forecast at 340 million dozen, and 2019 imports were forecast at 35 million dozen.

³ Revised historical statistics are available from the ERS Livestock and Meat Domestic Data product on its webpage. Unrevised historical egg statistics are still available for 1960-2004 in the Poultry Yearbook from USDA's Economics, Statistics and Market Information System, hosted online by Cornell University's Mann Library.

⁴ The ERS documentation page for its Livestock and Meat International Trade Data contains an excel file with the current conversions for shell egg equivalence.

Quarter-ending stocks of frozen and dried egg products, 2010-2017

Million dozen, shell-egg equivalent



Source: U.S. Dept. of Agriculture, including National Agricultural Statistics Service and Agricultural Marketing Service, and Economic Research Service (calculations).

Prices Acquire Some Gravity at Last

Wholesale egg prices (large grade A eggs, New York) experienced a relatively strong decline in April. Based on daily midpoint data, prices lost 56 percent of their value between the first and last days of the month, reaching \$1.18 per dozen on April 30. The decline represented a post-Easter seasonal decline as well as a mean reversion. Since prices started April near the level they reached during the height of avian-influenza-induced shortages in 2015, it was likely that any decline in post-Easter demand would pressure prices. The second-quarter price projection is reduced to \$1.25-\$1.29 per dozen, and 2018 prices are forecast to average \$1.36-\$1.42 per dozen. For 2019, egg prices are forecast at \$1.20-\$1.30 per dozen.

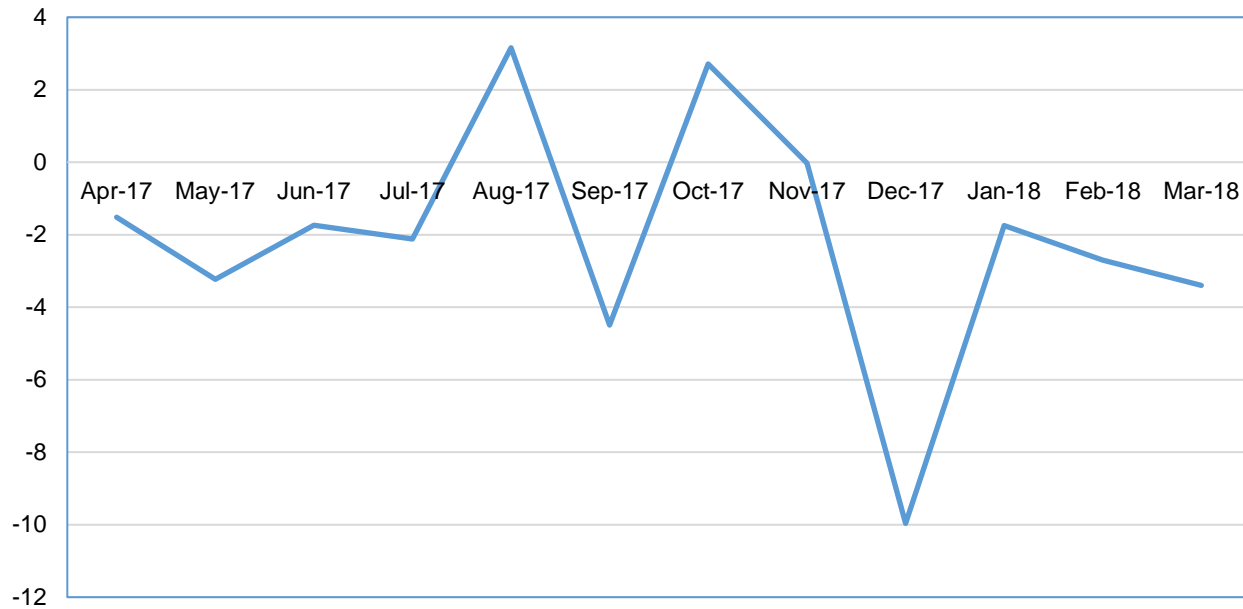
Turkey Production Down in March as Hatchery Data Indicate Contraction

March 2018 production totaled 482 million pounds, a 9-percent decrease from March 2017, but just 5 percent down when viewed on a per-slaughter-day basis. The monthly and per day declines in March were the largest since April 2017. Hatchery report data for March continued below the same period in 2017, indicating lower production totals in the coming months. Hatching data have been below a year earlier for 4 consecutive months, while eggs in incubators and placements have been down for 5 months. The data suggest that producers are likely responding to reduced returns brought about by low wholesale prices, which have remained far below recent historical averages. The 2018 turkey production forecast is 5.917 billion pounds, down 28 million pounds from last month and 1 percent below 2017.

USDA released its first 2019 forecasts in May. Turkey production is expected to expand only slightly in 2019 as producers respond to rising cold storage stocks and downward price pressure through much of 2018. The initial production forecast for 2019 is 5.970 billion pounds, up less than 1 percent from 2018.

Turkey poult placements relative to a year earlier

Percent change(year over year)

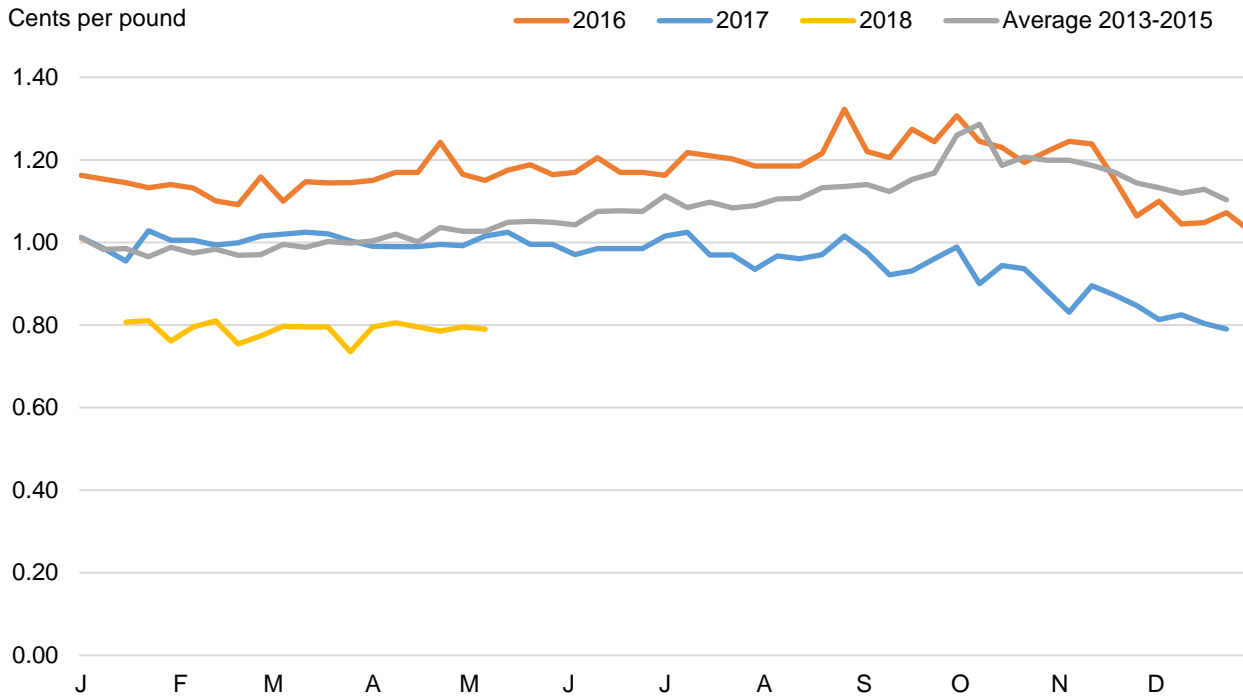


Note: Data show percentage change in turkey poult placements for growout compared with the same month in the previous year.
 Source: USDA, Economic Research Service using USDA, National Agricultural Statistics Service Turkey Hatchery report.

Whole Turkey Prices Remain Below Historical Averages in 2018

Wholesale whole-hen frozen turkey prices remain low in comparison to past years. The latest price data, covering the second week of May 2018, shows frozen whole hen prices at 79 cents per pound, well below early-May prices for the past several years. The last time frozen whole hen turkey prices fell below 80 cents per pound in May was 2009. The low wholesale prices indicate that turkey meat demand has not kept pace with production, further supported by higher than average stocks in cold storage. Turkey price forecasts are lowered for 2018 and are expected to average \$0.80 to \$0.84 per pound for the year, about 15 percent below prices in 2017. In 2019, turkey prices are expected to average \$0.84 to \$0.91. If realized, prices would be 7 percent higher than expectations for 2018.

Wholesale whole hen turkey prices



Source: USDA, Economic Research Service Livestock and Meat Domestic Data.

Turkey Exports Increased Again in March

March 2018 turkey exports were 20 percent higher than a year earlier, totaling 56 million pounds. Mexico remains the largest destination for U.S. turkey shipments, with 36 million pounds shipped in March, or 65 percent of all U.S. shipments. As domestic prices continue below historical levels and cold storage stocks remain high, the export market is expected to remain an attractive destination for producers. Exports are expected to grow in 2018 to 653 million pounds, a 5-percent increase over 2017. In 2019, turkey meat exports are expected to total 655 million pounds, or 0.3 percent more than 2018.

U.S. red meat and poultry forecasts

	2015					2016					2017					2018					2019	
	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	5,665	5,856	6,068	6,109	23,698	5,938	6,187	6,472	6,625	25,221	6,303	6,407	6,736	6,742	26,187	6,465	6,750	6,930	7,070	27,215	6,560	27,715
Pork	6,162	5,925	5,958	6,457	24,501	6,230	5,963	6,100	6,648	24,941	6,410	6,137	6,240	6,796	25,584	6,645	6,400	6,540	7,185	26,770	6,800	27,610
Lamb and mutton	38	39	37	37	150	38	39	36	37	150	37	36	35	37	145	39	35	35	37	146	36	146
Broilers	9,718	10,021	10,372	9,937	40,048	10,039	10,253	10,338	10,065	40,696	10,233	10,407	10,551	10,472	41,662	10,380	10,575	10,750	10,625	42,330	10,625	43,300
Turkeys	1,429	1,389	1,351	1,458	5,627	1,435	1,520	1,515	1,511	5,981	1,488	1,482	1,479	1,533	5,981	1,452	1,450	1,480	1,535	5,917	1,475	5,970
Total red meat & poultry	23,157	23,382	23,940	24,150	94,629	23,834	24,119	24,623	25,038	97,614	24,617	24,621	25,197	25,734	100,169	25,123	25,367	25,893	26,606	102,989	25,641	105,358
Table eggs, mil. doz.	1,820	1,726	1,664	1,728	6,938	1,793	1,827	1,876	1,940	7,436	1,906	1,904	1,916	1,950	7,677	1,906	1,930	1,950	2,000	7,786	1,950	7,950
Per capita disappearance, retail lb 1/																						
Beef	13.1	13.6	13.9	13.3	54.0	13.6	13.9	14.0	14.0	55.5	14.0	14.2	14.4	14.3	56.9	13.9	14.7	14.7	14.8	58.1	14.1	58.8
Pork	12.2	11.8	12.1	13.6	49.7	12.6	11.8	12.1	13.5	50.1	12.4	11.8	12.4	13.5	50.1	12.5	12.4	12.9	14.0	51.9	12.8	53.1
Lamb and mutton	0.2	0.3	0.2	0.3	1.0	0.3	0.3	0.2	0.3	1.0	0.3	0.3	0.2	0.3	1.1	0.3	0.2	0.2	0.3	1.1	0.3	1.1
Broilers	21.4	22.1	23.3	22.1	89.0	22.5	22.7	22.7	21.8	89.7	22.4	22.9	23.1	22.4	90.9	22.6	23.0	23.3	23.0	91.9	22.9	93.2
Turkeys	3.5	3.6	3.9	4.9	16.0	3.6	3.9	4.2	4.9	16.6	3.7	3.7	4.0	5.0	16.4	3.5	3.6	4.0	4.9	16.1	3.7	16.0
Total red meat & poultry	50.8	51.8	53.8	54.5	211.0	52.9	53.0	53.7	54.8	214.4	53.2	53.2	54.6	55.8	216.8	53.2	54.4	55.5	57.3	220.4	54.0	223.7
Eggs, number	65.6	63.0	61.5	65.4	255.6	67.4	66.3	67.3	70.6	271.7	68.5	68.6	69.3	69.9	276.4	68.2	67.9	68.8	71.4	276.3	69.1	281.2
Market prices																						
Choice steers, 5-area Direct, \$/cwt	162.43	158.11	144.22	127.71	148.12	134.81	127.68	113.26	107.69	120.86	122.96	132.76	112.46	117.88	121.52	125.60	116-120	106-112	108-116	114-119	116-126	113-122
Feeder steers, Ok City, \$/cwt	210.31	219.65	208.11	173.59	202.92	155.83	146.49	140.66	128.30	142.82	129.56	147.75	148.12	154.88	145.08	146.29	142-146	134-140	134-142	139-144	132-142	139-144
Cutter Cows, National L.E., \$/cwt	107.61	109.50	103.34	77.80	99.56	73.50	75.87	73.16	57.75	70.07	62.63	69.55	69.78	58.68	65.16	61.60	60-64	60-66	58-66	60-65	55-65	58-63
Choice slaughter lambs, St Joseph, \$/cwt	149.23	146.04	156.34	150.48	150.52	136.76	139.35	162.47	142.71	145.32	142.34	167.94	172.40	136.92	154.90	136.83	147-151	154-160	145-153	145-150	141-151	150-155
Nat'l base cost, 51-52 % lean, live equivalent, \$/cwt	48.47	53.20	54.59	44.66	50.23	44.63	53.71	49.26	37.02	46.16	49.73	51.70	55.59	44.89	50.48	49.12	44-46	44-46	36-38	43-45	42-46	43-46
Broilers, national composite, cents/lb	97.0	104.2	83.7	77.2	90.5	84.6	93.0	81.7	78.0	84.3	88.5	104.7	94.9	86.1	93.5	95.7	112-116	99-105	93-101	100-104	96-104	97-105
Turkeys, national, cents/lb	99.6	108.5	126.4	130.1	116.2	114.7	116.5	120.7	116.6	117.1	100.4	99.1	96.9	88.0	96.1	79.4	78-80	78-82	86-94	80-84	77-83	84-91
Eggs, New York, cents/doz.	146.9	170.3	235.7	174.1	181.8	121.5	67.9	71.6	81.7	85.7	80.0	74.7	102.1	147.0	100.9	179.6	125-129	116-124	125-135	136-142	115-125	120-130
U.S. trade, million lb, carcass wt. equivalent																						
Beef & veal exports	523	607	542	595	2,267	535	621	661	738	2,556	651	683	746	782	2,862	730	730	785	790	3,035	750	3,150
Beef & veal imports	878	990	890	613	3,371	793	831	751	639	3,015	699	813	814	668	2,994	722	810	820	680	3,032	750	3,140
Lamb and mutton imports	53	56	46	59	214	68	55	41	52	216	80	58	57	57	252	80	57	56	59	252	78	256
Pork exports	1,224	1,339	1,173	1,274	5,010	1,229	1,318	1,235	1,457	5,239	1,432	1,426	1,230	1,544	5,632	1,516	1,425	1,300	1,675	5,916	1,550	6,125
Pork imports	279	266	270	300	1,116	293	257	266	275	1,091	264	281	283	287	1,116	279	270	275	275	1,099	290	1,120
Broiler exports	1,624	1,713	1,487	1,496	6,321	1,585	1,605	1,734	1,720	6,644	1,711	1,618	1,664	1,787	6,780	1,708	1,740	1,760	1,730	6,938	1,750	7,100
Turkey exports	148	123	125	132	529	116	141	160	153	569	133	148	167	173	621	153	155	170	175	653	145	655
Live swine imports (thousand head)	1,309	1,541	1,371	1,519	5,740	1,468	1,406	1,371	1,412	5,656	1,449	1,458	1,298	1,395	5,600	1,358	1,450	1,350	1,450	5,608	1,375	5,625

Note: Forecasts are in bold.

1/ 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, mhaley@ers.usda.gov

Updated 5/11/2018

Dairy Forecasts

	2017				2018					2019	
	II	III	IV	Annual	I	II	III	IV	Annual	I	Annual
Milk cows (thousands)	9,399	9,402	9,398	9,392	9,407	9,410	9,410	9,405	9,410	9,410	9,410
Milk per cow (pounds)	5,888	5,687	5,649	22,941	5,781	5,965	5,750	5,745	23,240	5,860	23,535
Milk production (billion pounds)	55.3	53.5	53.1	215.5	54.4	56.1	54.1	54.0	218.7	55.1	221.5
Farm use	0.2	0.2	0.2	1.0	0.2	0.2	0.2	0.2	1.0	0.2	1.0
Milk marketings	55.1	53.2	52.8	214.5	54.1	55.9	53.9	53.8	217.7	54.9	220.5
Milk-fat (billion pounds milk equiv.)											
Milk marketings	55.1	53.2	52.8	214.5	54.1	55.9	53.9	53.8	217.7	54.9	220.5
Beginning commercial stocks	16.0	17.9	16.2	12.7	13.5	16.4	17.8	15.5	13.5	12.6	12.6
Imports	1.4	1.5	1.6	6.0	1.2	1.3	1.4	1.5	5.5	1.3	5.5
Total supply	72.5	72.6	70.7	233.2	68.9	73.6	73.0	70.8	236.6	68.8	238.6
Commercial exports	2.5	2.3	2.4	9.3	2.4	2.7	2.5	2.3	9.9	2.4	10.2
Ending commercial stocks	17.9	16.2	13.5	13.5	16.4	17.8	15.5	12.6	12.6	15.8	11.8
Net removals	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Domestic commercial use	52.1	54.0	54.8	210.4	50.1	53.2	55.1	55.9	214.2	50.6	216.6
Skim solids (billion pounds milk equiv.)											
Milk marketings	55.1	53.2	52.8	214.5	54.1	55.9	53.9	53.8	217.7	54.9	220.5
Beginning commercial stocks	10.5	11.6	12.1	9.5	11.8	11.4	11.5	10.8	11.8	11.0	11.0
Imports	1.5	1.4	1.5	6.1	1.4	1.4	1.4	1.5	5.8	1.5	5.8
Total supply	67.0	66.2	66.5	230.1	67.4	68.7	66.8	66.1	235.3	67.4	237.3
Commercial exports	10.3	9.7	11.0	40.8	11.5	11.8	11.0	10.8	45.1	11.2	45.3
Ending commercial stocks	11.6	12.1	11.8	11.8	11.4	11.5	10.8	11.0	11.0	11.3	10.8
Net removals	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Domestic commercial use	45.2	44.4	43.6	177.5	44.4	45.5	45.0	44.3	179.1	44.8	181.1
Milk prices (dollars/cwt) ¹											
All milk	16.83	17.70	17.73	17.63	15.67	15.90	16.45	16.95	16.20	16.25	16.25
						-16.20	-17.05	-17.85	-16.70	-17.25	-17.25
Class III	15.74	16.13	16.34	16.17	13.87	14.80	15.45	15.20	14.80	14.45	14.80
						-15.10	-16.05	-16.10	-15.30	-15.45	-15.80
Class IV	14.80	16.36	14.12	15.16	13.01	13.95	14.35	13.85	13.75	13.45	13.65
						-14.35	-15.05	-14.85	-14.35	-14.55	-14.75
Product prices (dollars/pound) ²											
Cheddar cheese	1.555	1.623	1.712	1.634	1.515	1.600	1.665	1.635	1.600	1.550	1.585
						-1.630	-1.725	-1.725	-1.650	-1.650	-1.685
Dry whey	0.509	0.434	0.347	0.444	0.260	0.255	0.255	0.265	0.255	0.285	0.285
						-0.275	-0.285	-0.295	-0.285	-0.315	-0.315
Butter	2.229	2.597	2.295	2.330	2.161	2.290	2.310	2.240	2.245	2.185	2.215
						-2.350	-2.400	-2.360	-2.325	-2.315	-2.345
Nonfat dry milk	0.874	0.874	0.763	0.867	0.700	0.745	0.775	0.755	0.740	0.735	0.745
						-0.775	-0.825	-0.825	-0.780	-0.805	-0.815

Totals may not add due to rounding.

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 U.S. Dept. of Agriculture, *National Dairy Products Sales Report*.

Sources: USDA, National Agricultural Statistics Service; USDA, Agricultural Marketing Service; USDA, Foreign Agricultural Service; and USDA, World Agricultural Outlook Board.

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