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Livestock, Dairy, and Poultry Outlook

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Beef Production To Decline

Contents

Tables at a Glance

Web Sites

The next release is Oct. 18, 2004

Approved by the World Agricultural Outlook Board.

NOTE: Due to uncertainties as to the length of bans regarding the imports of ruminant products due to the discovery of a BSE-infested cow in December 2003, forecasts for 2004 and 2005 assume a continuation of policies currently in place. Subsequent forecasts will reflect any announced changes.

Beef production in 2004 is expected to decline nearly 7 percent from a year earlier. The decline is sharper than earlier expected due to a slower pace of cattle placements and marketings. Feedlot inventories remain above a year earlier, and feedlots have more cattle to market than can be sold at a profit. The current marketing pace is not sufficient to keep cattle current and weights are increasing. However, even at these reduced marketing levels boxed beef prices have been declining to keep the product moving and cattle prices under pressure. While the wholesale retail price spread remains record wide, both cattle feeders and beef packers are losing money. Cattle feeding breakevens are expected to rise toward the low-$90 per hundredweight (cwt) this fall, and the present price/supply scenario indicates Choice steer prices averaging $85-89 per cwt in the fourth quarter.

Hog prices in August weakened seasonally as slaughter numbers reached the 2-million-head-per-week level during the week of August 21st. Last year, weekly hog slaughter did not reach the 2 million head level until the week ending October 4. Continued strong domestic and foreign pork demand, however, is expected to hold third-quarter hog prices 27 percent above the same period last year. The *Quarterly Hogs and Pigs* report, to be released on September 24, will provide recent inventories, pig crops, and producers' intentions for September 2004-February 2005.

Broiler production in 2004 is expected to increase about 4 percent over a year ago based on broiler hatchery data. However, the growth in chick placements is expected to slow later this year in response to the falling broiler prices. Broiler production in 2005 is expected to increase about 3 percent above a year earlier. Over the last 2 months (July and August), prices for almost all broiler products have fallen sharply.

While average prices for most broiler parts were considerably higher than a year earlier in the first half of this year, current prices for many parts are only slightly higher or below their year-earlier levels.

Dairy market fundamentals changed in early summer as milk production began to expand. Additional milk in the coming months should ease dairy markets during the remainder of 2004. Even so, some tightness likely will continue. Demand is expected to stay fairly good, and the growth in supplies probably will be gradual.

Cattle/Beef

Slaughter Weights, Competing Meats Pressure Beef Prices

Year-to-year comparisons on the current beef market are skewed due to the very tight beef supply situation in 2003. The tight situation was due to poor feeding conditions with low weight gains in the winter and early spring 2003 and then the discovery of a Canadian dairy cow with (BSE) Bovine Spongiform Encephalpathy in May, resulting in an import ban on Canadian beef and cattle. This resulted in marketing cattle out of U.S. feedlots ahead of schedule to meet the strong demand for beef. As marketings were moved forward, slaughter weights were held well below seasonal averages. To meet the strong beef demand, cattle prices moved on a record-setting pace into the fall in an effort to get producers to market more cattle ahead of schedule.

While beef demand remains relatively strong, retail prices for Choice beef, while below the November 2003 record, remain sharply above prices prior to last fall. Prices in July averaged $4.18 a pound, well above the $3.99 first-quarter and $4.10 second-quarter averages. High beef prices combined with increased economic uncertainty and sharply higher fuel prices are likely putting pressure on consumer discretionary incomes and consequently on further increases in beef prices. In addition, both pork and broiler production remain large, and at relatively lower prices than beef. Choice boxed beef prices have dropped fairly sharply since peaking at $157.53 per cwt in April, averaging in the lower $130s in mid-September. The primary change during this period has been a more than seasonal rise in weights from the very low spring averages. Federally inspected steer and heifer dressed carcass weights averaged 772 and 712 pounds, respectively, in April, but had increased to 825 and 754 pounds in late August. Steer and heifer weights, in late August, were 20 pounds above a year earlier. Although still below the record pace of 2002, weights are likely to approach the 2002 record pace.

Feedlot inventories remain above a year earlier, and feedlots have more cattle to market than can be sold at a profit. Recent weekly slaughter levels have ranged from 620,000 to about 645,000 head, which is not sufficient to stay current. Even at these reduced slaughter levels, boxed beef prices have been declining to keep the product moving and are pressuring cattle prices as feedlots become less current. While the wholesale retail price spread remains record wide, both cattle feeders and beef packers are losing money. Cattle feeding breakevens are rising toward the low-$90s per cwt this fall, and the present price/supply scenario does not look promising for a return to feedlot profitability.

Even as fed beef supplies are increasing, cow and processing beef supplies remain tight. Utility boning cow prices are averaging in the upper-$50s per cwt, well above a year earlier. Ninety percent lean processing beef is averaging over $20 per cwt above a year earlier, while 50 percent lean trimmings are averaging $20 to $30 per cwt under a year earlier. Cow slaughter is expected to remain down as producers begin the initial stages of herd expansion. Consequently, imports of lean beef are likely to remain strong over the next couple of years.

Beef Trade

Beef Exports for the First 6 Months of 2004 Only 12 Percent of Last Year's Level

U.S. beef exports totaled only 204 million pounds in the first 7 months of 2004—86 percent below the 1.5 billion pounds exported during the first 7 months of 2003. While many small markets have reopened conditionally to exports of U.S. beef, the only major markets to allow U.S. beef have been Canada and Mexico. Canada began allowing imports of U.S. boneless beef from animals less than 30 months of age in January 2004, with Mexico following suit in early March. By June, however, U.S. beef exports to Canada had increased to only 5 million pounds, compared with 29 million pounds in June 2003. June 2004 beef exports to Mexico reached only 36 million pounds, compared with 68 million pounds in June 2003. Nevertheless, weekly export data (http://www.fas.usda.gov/export-sales/esrd1.html) do show significant increases above the low June level for both July and August. Forecast total exports to all countries for 2004 and 2005 are 446 and 600 million pounds, respectively.

Excess Cattle Supplies and Low Prices in Canada Have Restrained Imports of U.S. Beef

Restrictions placed on the export of Canadian beef and cattle immediately following the discovery of a cow in Canada with BSE in May 2003 created a huge surplus of cattle and beef in that country, which continues to pressure Canadian prices. Normally, annual exports of Canadian feeder cattle and slaughter-ready steers, heifers, and culled cows and bulls amount to about 1.3 million animals (2000-2003 average). With those animals kept in Canada, cattle numbers increased by 6.5 percent between July 1, 2003, and July 1, 2004, according to Statistics Canada (http://www.statcan.ca). That increase in total animals includes an 8.6-percent increase in beef cows and a 9.6-percent increase in steers and heifers for slaughter.

Resumption of Canadian beef exports to the United States from early August 2003 did help increase Canadian boxed beef prices (in Canadian dollars), but they still ended last year 9 percent lower than U.S. boxed beef prices (http://www.canfax.ca/), limiting U.S. beef exports. U.S. beef exports to Canada averaged only 14 million pounds per month in the final quarter of 2003, far below the pre-May 2003 average of 20-21 million pounds. Traditionally, the United States supplies beef cuts to eastern Canada, while importing cuts from western Canada into the western United States, and some processing beef.

The ban on U.S. beef exports after the December 24, 2003, discovery of a Canadian-born dairy cow with BSE in Washington State provided additional opportunities for Canadian beef cuts to displace U.S. beef in Canada. However, U.S. beef exports to Canada have remained low, even since Canada allowed U.S. boneless beef imports from animals less than 30 months of age to resume in January of this year. The United States exported less than 2 million pounds per month through April and only 5 million pounds per month in May, June, and July.

Explanations for low U.S. beef exports to Canada early in 2004 have focused on reports that U.S. slaughter plants were unable to provide assurances that beef was from facilities dedicated exclusively to the processing of beef from animals under

30 months of age. However, the weak U.S. exports during the last quarter of 2003 suggest that a fundamental reason for continued weak U.S. exports to Canada is simply that boxed beef prices in Canada have generally been well below U.S. prices in 2004. After being competitive with U.S. prices for a few weeks in January 2004, when Canadian beef was exported to Mexico as a replacement for banned U.S. beef, Canadian box prices declined to 90 percent of U.S. prices as Canadian slaughter increased. By mid-April, Canadian prices had dropped to 75 percent of U.S. prices, as increased U.S. beef exports to Mexico began displacing Canadian product there and forcing it onto the Canadian market. The price difference then began to narrow as Canadian exports improved. By June, total Canadian exports had rebounded back to the March 2004 level.

U.S. Beef Exports to Canada Should Improve as U.S. and Canadian Price Differences Narrow

By late August 2004, Canadian boxed beef prices were only 2-3 percent below U.S. boxed beef prices, and weekly U.S. export data were showing signs of increased exports to both Canada and Mexico. Part of explanation for both situations is the 3-percent decline in the U.S. Choice fed cattle price between April and July, from $87.04 to $84.27 per cwt. A 2-percent depreciation of the U.S. dollar between April and August also contributed to the improved situation. Both lower U.S. prices and a cheaper U.S. dollar make U.S. beef more competitive in Canada. In addition, decreased Canadian beef imports from other countries may help support the prices of Canadian beef cuts by creating the incentive to grind lower-valued cuts from younger animals into processing beef.

Compared with last year, Canadian beef imports from countries other than the United States were down 60 percent for the first 6 months of 2004 (*World Trade Atlas*). Were this trend to continue, Canada would import about 330 million pounds (carcass-weight equivalent) less beef from countries other than the United States than last year. Nearly all the 330 million pounds would be lean processing beef, representing approximately 471,000 animals, assuming a carcass weight of 700 pounds. Such a large reduction in processing beef imports is the ultimate result of low cull animal prices in Canada associated with the lack of a U.S. market for some 319,000-plus culled cows and bulls (2000-2002 average).

Reduced imports of lean processing beef, a strong domestic and, more recently, a strong export market have helped accommodate increased Canadian slaughter. Weekly slaughter has been gradually increasing in 2004, and expected Canadian slaughter is 4 million animals, roughly 500,000 more than were slaughtered in 2003. While culled animals older than 30 months may be ground for processing beef to be consumed in Canada, only meat from younger animals can be exported to the United States. That helps make these animals relatively more profitable to slaughter than older non-fed animals, on the average. As a result, cattle under 30 months of age comprise a higher percentage of total slaughter than normal, suggesting that a higher-than-normal share of lean processing beef is from cattle less than 30 months of age. In spite of more fed cattle being slaughtered in Canada, increased Canadian consumption, increased exports, and possibly high grinding rates from young cattle have relieved some price pressure that should allow higher exports of U.S cuts to eastern Canada.

U.S. Beef Exports to Canada may Remain Below Normal Until Borders Reopen

U.S. beef exports to Canada are likely to continue growing in view of the expectation that U.S. beef prices remain relatively favorable at least through mid-2005. Continued weakness in the U.S. dollar, robust Canadian consumption, and grinding lower valued Canadian cuts into processing beef should also help U.S. beef exports to Canada. However, they are unlikely to approach the 20-million-pound-per-month level that existed before BSE was found in North America, at least until borders are reopened to both beef and cattle trade.

Pork and Poultry Meat Substitute for High-Priced U.S. Beef Exports to Mexico

U.S. beef exports to Mexico have remained weak since declining in fourth-quarter 2003 due to higher U.S. prices and a weak peso. U.S. fed cattle prices increased in price throughout 2003 and were 44 percent higher in fourth-quarter 2003, compared with year-earlier levels, while the peso lost 10 percent of its value against the U.S. dollar. U.S. beef exports to Mexico in fourth-quarter 2003 were 115 million pounds, 26 percent below year-earlier levels, and the lowest fourth-quarter exports to Mexico since 120 million pounds in 1998.

Mexico banned U.S. beef during most of the first quarter 2004, and exports have increased to about 50 percent of last year's level since April. Both bone-in beef and products from animals older than 30 months remain banned. In 2003, bone-in beef accounted for over 8 percent of U.S. beef exports to Mexico (on a product-weight basis), and beef from culled animals over 30 months of age accounted for an unknown, but likely not trivial amount. In addition to these product limitations, however, high U.S. beef prices and a relatively weak peso may keep U.S. beef exports to Mexico significantly below the higher levels achieved prior to the fourth quarter of 2003, as pork and poultry meat increase as substitutes.

Supplies of meats other than U.S. beef in Mexico are up significantly for the first 6 months of 2004, compared with the same period last year. U.S. pork and broiler exports are up 108 million and 33 million pounds. According to the *World Trade Atlas*, Canadian beef and pork exports to Mexico are up 56 million and 23 million pounds (using product-to-carcass conversion rates of 1.36 and 1.3). For the first 6 months of 2004, therefore, the sum of added U.S. pork and broiler exports, and Canadian beef and pork exports totaled 220 million pounds, compared with reduced U.S. beef exports of 184 million pounds. In addition, preliminary estimates suggest that Mexican pork production may be up 4-5 percent in 2004, compared with 2003 (http://www.fas.usda.gov/gainfiles/200407/146106957.pdf), and production of broiler meat could increase 4-5 percent (http://www.fas.usda.gov/gainfiles/200407/146107196.pdf).

The pressure of such large levels of pork and poultry meat in Mexico, with additional increases expected, is likely to pressure both U.S. and Canadian beef exports to Mexico for the remainder of 2004 and into 2005. Canadian beef exports to Mexico fell slightly in second-quarter 2004, compared with 2002—the last normal second quarter before Mexico banned Canadian beef in May 2003. Any reductions in Canadian beef exports to Mexico are also likely to compete with U.S.

beef in Canada and contribute to increased Canadian beef exports to the United States.

U.S. Beef Imports Revised Upwards

Forecast U.S. beef imports for 2004 and 2005 are revised upwards 2.3 percent and 3 percent, respectively, partly because of expected increases in imports from Canada. Imports for 2004 are now forecast at 3.5 billion pounds, up 17 percent from last year's BSE-induced low level. Forecast imports in 2005 are 3.52 billion pounds. Not only has Canadian slaughter increased in 2004 to date, additional increases are possible in 2005, and increased availability of pork and poultry meat in Mexico may result in a redirection of Canadian beef from Mexico to the United States. According to the *World Trade Atlas*, exports to the United States accounted for 89 percent of Canadian beef exports in June—far above the first quarter average of 78 percent when larger quantities were shipped to Mexico to replace banned U.S. beef.

Imports of Uruguayan beef have also been running above expected levels. Uruguay had 1.2 million more cattle available on January 1, 2004, compared with a year earlier, and about 2 million above historical levels. Uruguay also is not sending large amounts of beef to Canada, and must compete in Europe with Argentina and Brazil. Finally, Uruguay devalued its currency by 80 percent in June 2002, making its beef much cheaper in terms of U.S. dollars. To date in 2004, Uruguay has declared about 80 percent of its beef exports to the United States above the tariff-rate quota (TRQ), paying the over-quota 26.4 percent tariff.

A significant reduction in U.S. cow slaughter is driving the demand for processing beef in the United States. Cow slaughter is expected to decline 15 percent in 2004 from last year's level, with the largest percentage declines occurring in the second half. The prices for imported 90-percent lean processing beef had climbed into the high $140 per cwt range by August.

Live Cattle Trade Revised Upward

Imports of live cattle from Mexico should reach 1.375 million head in 2004. While Mexican cattle inventories continue to decline, high feeder cattle prices in the United States continue to attract feeder calves from Mexico. Imports should decline in 2005 in response to smaller inventories.

Exports of live cattle and calves to Canada have been higher than expected. Most of these animals are veal calves exported from the northeastern United States for raising in Canada. Most of the veal from these calves is expected to be exported to the United States. Total live cattle and calf exports for 2004 are forecast at 45,000 head in 2004 and 40,000 in 2005.

Dairy

More Milk Eases Dairy Markets

Dairy market fundamentals changed in early summer as milk production began to expand. Additional milk in the months to come should ease dairy markets during the remainder of 2004. Even so, some tightness likely will continue. Demand is expected to stay fairly good, and the growth in supplies probably will be gradual.

Dairy product prices remain unsettled and probably will remain so until yearend. The aftermath of the surge and subsequent collapse of prices continues to confuse the underlying supply-demand balance. However, most adjustments probably have been made, and prices may steady a bit if no new surprises emerge.

Milk production rose above a year earlier in July for the first time since last autumn. The recovery was the result of quite favorable summer weather and expedient adjustments to record milk prices. Milk production is expected to expand during the second half of 2004, but large increases are not projected until next year.

Milk cow numbers in the 20 major States were a little higher in June and July after holding fairly steady since last November. Compared with a year earlier, milk cow numbers have gone from a decrease of more than 1 percent early in 2004 to barely lower in July. Even though changes in cow numbers have been weaker in the other 30 States, July U.S. numbers probably were down only fractionally.

The recent increase in cow numbers probably was not due to more heifers entering the herd. The dairy replacement herd was unchanged on July 1, and July replacement prices indicated that the market has been tight. Unusual retention of last lactation cows is much more likely. Between high milk prices and the lack of any summer heat stress, cows probably stayed profitable longer—enough so that any producer capable of stretching capacity probably was tempted.

High milk prices probably have had relatively small effect on addition of new capacity because many of the causes of the price jumps were obviously temporary. However, prices have stayed relatively high for long enough that they may be lessening the exit of dairy farmers. The low prices of 2002 and most of 2003 probably had eaten away the effects of earlier high returns. The cash infusion in 2004 may have restored the staying power of the weaker producers.

Milk cow numbers are projected to resume declines by this autumn. Much of the temporary capacity stretching will have run its course or become infeasible as the weather turns colder. Although only moderate erosion in milk prices is expected by late 2004, farmers probably will see clear signs of lower prices ahead. For the year, milk cow numbers are projected to average about 1 percent below a year earlier.

In 2005, expected much lower milk prices will work to weaken milk cow numbers. However, average declines are projected to be relatively modest, only slightly larger than this year's. Returns are projected to stay significantly above those of 2002 and 2003, and dairy farmers can prepay 2005 expenses out of this year's returns.

Milk Per Cow Coming Back

Milk per cow continues its gradual recovery from late winter weakness. In the 20 major States, July milk per cow rose at an annual rate of more than 1 percent from the average of the preceding 5 years, still relatively weak but twice the rate of late winter. The pickup reflected the rises in milk prices and milk-feed price ratios and particularly favorable summer weather. Heat stress, normally a major cause of seasonal declines in milk per cow, was almost absent from many important dairy areas this year.

Concentrate feed prices have eased under pressure from generally large projected 2004 crops. Drops in milk prices will mean that milk-feed price ratios will not stay at the very high second-quarter readings, but second-half ratios probably will be moderately favorable to increased feeding and further recovery in milk per cow.

Hay supplies this year are relatively ample in much of the country but quality is quite suspect. Rain damage was common in many areas, and growth was stunted by cool weather in some of the northernmost areas. For all of the country, alfalfa hay production is projected to be slightly larger than 2003's very large crop despite a 6-percent drop in acreage. In addition, corn silage prospects are quite good in most areas. The true exception to the overall forage picture is the West, where alfalfa hay production is expected to be down considerably because of tight water supplies.

Recovery in milk per cow is expected to continue, although sizable increases are not projected until normal availability of bovine somatotropin (BST), expected in 2005, resumes. Even then, hay quality and lackluster milk-feed price ratios probably will limit increases somewhat. The 2004 milk per cow is projected to rise less than 1 percent from a year earlier (on a daily average basis), the second straight such minimal gain. Even if normal BST and heavier feeding bring about the expected 3-percent growth in 2005, milk per cow would remain significantly below the earlier trend line.

Modest second-half increases are projected to about offset first-half declines and leave 2004 milk production very close to the 170.3 billion pounds of 2003. Next year's projected recovery in milk per cow would generate a 2005 increase of just less than 2 percent on a daily average basis.

Cheese Gives Up Milk

The late spring diversion of milk away from cheese and into butter-nonfat dry milk output continued into early summer. In fact, the diversion in July was stronger than it had been in May and June. As cheese prices fell from their very high spring peaks, buyers started working off their pipeline stocks by purchasing less than normal. As movement fell, warehouse cheese stocks mounted even with the diversion of milk to butter-powder operations. By July, total cheese production was below a year earlier even though supplies of milk for manufacturing were larger.

Output of both butter and nonfat dry milk went from being down sharply from a year earlier in April to posting sizable increases by July. The swing was particularly abrupt for butter, in part because the diversion of milk probably was augmented by milkfat users making their own pipeline stock adjustments. Early summer production of frozen products and cottage cheese was generally weak.

Supplies of milk for manufacturing are expected to run above a year earlier in coming months. If it has not started already, cheese probably will resume taking more of the milk supply. Final sales are expected to be relatively brisk and pipeline shrinking alone cannot meet needs for long.

Commercial warehouse stocks of American cheese on August 1 were the largest since 2000 and significantly larger than the preceding 2 years. These holdings might be a bit ample but probably not badly so. If autumn movement meets expectations, these stocks could be fairly easily trimmed by the end of the year. August 1 stocks of other cheese were similar to recent years.

The turnaround in butter production resulted in some boost in commercial butter stocks. Even so, holdings on August 1 were almost a third smaller than a year earlier and also sharply less than 2 years ago. Meanwhile, manufacturers' stocks of nonfat dry milk were somewhat higher than the last 2 years. Powder stocks probably have grown to accommodate this year's commercial export business.

Sales Decrease

June's decrease in commercial disappearance sharpened in July, mostly because of large declines from a year earlier in cheese movement. June-July cheese sales fell about 4 percent, in part counterbalancing the very large increases of February-April. Buyers reduced purchases to use up pipeline holdings built during the earlier panic. There is no reason to think that final use has weakened, particularly since restaurant sales reportedly have been robust. For the first 7 months of 2004, cheese sales rose 4 percent.

Butter movement slipped in July after extraordinary gains in May-June. Like cheese, this slippage probably was a technical correction after this year's tumultuous markets. On the other hand, sales of nonfat dry milk continued to post large increases. Powder movement reflected export demand and some possible improvement in use of skim solids by food processors. Concentrated milk proteins are less of a factor this year because higher international prices have eliminated any cost advantage.

July fluid milk sales evidently stayed weak, although not down as sharply as in May and June. Milk sales have struggled throughout the year but seemed to be hurt considerably by high retail prices and the resulting publicity. Most perishable manufactured products also were sluggish this spring and early summer.

Underlying dairy demand probably remains fairly good. The economy and consumer incomes continue growing even though there are scattered weak spots. The restaurant business appears to be back on track after a period of extended sluggishness—good news for cheese and butter demand. Total demand for dairy products is expected to be moderately strong during the rest of 2004 and 2005, although sales of some products, like fluid milk, may stay soft.

The dairy surplus was very small this summer. In July-August, net removals of butter and cheese were almost nonexistent while the nonfat dry milk surplus was small. Net removals of powder in July-August were less than half the year-earlier level and only about a fourth of 2002. Despite the falling prices, milkfat markets remained tight this summer. Commercial exports probably were the major factor behind the declines in nonfat dry milk purchases, but expanded domestic use of powder may have also played a role.

The surplus of skim solids may increase slightly during the rest of 2004 and 2005 as milk production expands. Even so, removals are expected to remain considerably below those of recent years if international markets stay firm as projected. Butter and cheese removals are projected to remain very small.

International Markets Hold

International dairy markets remain much the same. Milk production has been down in the European Union, resulting in smaller intervention purchases and limited export supplies. Oceania's season is just beginning among potential production concerns. Meanwhile, import demand has held firm at fairly good levels. In early September, both butter and nonfat dry milk prices were more than $2,000 per metric ton with no significant signs of softening. Prices are expected to stay relatively strong during the next year.

Reported exports of nonfat dry milk during January-July were close to exports under the Dairy Export Incentive Program (DEIP) plus shipments of Government-owned powder for food aid. Yet, commercial exports are known to have been made. Commercial exports will be sizable this summer and autumn, with some agreements reportedly already made for winter shipment. Allocations under the DEIP have not yet been announced for the commitment year that began July 1, although that action is largely academic in light of our current price competitiveness.

January-July 2004 imports of milkfat were considerably larger than a year earlier but skim solids imports were only slightly larger. The boost in milkfat imports was mostly the result of high-tariff imports of butter in response to high domestic butter prices. Even so, the 17 million pounds of high-tier butter was quite moderate in light of the nominal profitability. International butter markets were tight enough to make it difficult to obtain supplies quickly enough for over-TRQ imports. January-July cheese imports were somewhat larger than a year earlier.

Prices Trend Lower

Butter and cheese prices have continued to bounce this summer as traders attempted to sort out production, use, and stock effects. In general, prices have exhibited considerable resiliency even though the general trend has been downward. Price movements have been consistent with gradually changing market fundamentals rather than dramatically altered market conditions.

Nonfat dry milk prices have eased since their June peak. Production has increased and considerable old powder, swapped by USDA for pudding and processed cheese, reportedly is available.

With milk production expanding and ample stocks, wholesale dairy product prices would seem to have limited opportunity for rises by late 2004. The possible exception might be butter where early September price rises are a notable rarity, and the strength of the autumn holiday season is always somewhat unpredictable. On the other hand, sharp price drops also do not seem likely. Nothing in the fundamentals appears to be changing very quickly. In addition, the markets' susceptibility to large declines has been tested several times since the April peaks, and sizable drops thus far have been partially reversed fairly quickly.

Summer prices received by farmers for milk have been dramatically lower than the spring records but have stayed well above a year earlier. Milk prices are projected to stay above a year earlier through the rest of the year, but the autumn increase likely will be smaller than summer's. For all of 2004, farm milk prices are expected to average a record of almost $16 per cwt, up more than $3 from 2003.

Larger milk output will pressure 2005 milk prices. Although the size of the production increase will certainly be a factor, the extent of the price decline probably will be influenced most by the strength of dairy demand. If demand recovery, spurred by a rebound in the restaurant sector, is more robust than expected, price responses in dairy markets could be substantial. Under the expected demand conditions, milk prices are projected to decrease $2 to $3 per cwt next year. Even so, prices would remain well above the very low levels of 2000, 2002, or 2003.

The index of retail dairy prices stood at 187.7 (1982-84=100) in July, up 14 percent from a year earlier but slightly below the June peak. The largest rise was for fluid milk, up 25 percent from a year earlier. Retail milk prices had been relatively low in the summer of 2003. July prices for manufactured dairy products were significantly higher than a year ago but rises were much more moderate than for fluid milk.

The farm-to-retail price spread is currently much larger than a year earlier, after posting declines from mid-2003 until mid-2004. It is likely to continue posting large rises until the middle of next year as processors and retailers try to recoup. Even so, retail dairy prices are projected to be about stable to declining through 2005. This would leave the 2004 average about 9 percent above 2003, to be followed by a minimal increase in 2005.

Hogs/Pork

Hog Prices Soften on Higher Slaughter

August prices for 51-52 percent lean hogs (live equivalent) slid seasonally lower from July as weekly hog slaughter made an early push toward 2 million head per week. The August hog price, $56.19 per cwt, was almost 4 percent lower than in July. Lower prices are the consequence of large weekly slaughters. Weekly kills achieved the 2-million-head-per-week mark during the week of August 21st, a level not reached last year until early October.

Hog prices in the third quarter are expected to average between $54 and $55 per cwt, around 27 percent higher than the same period last year. Third-quarter pork production will likely run about 3-percent higher than last year.

Poultry

Broiler Production Estimate Increased

The U.S. broiler production estimate for third-quarter 2004 has been increased to 8.8 billion pounds, up 25 million pounds from the previous estimate. This is a 4.1-percent increase compared with a year earlier and reflects an expected upward turn in the number of birds slaughtered and continued growth in their average weight. The broiler meat production estimate for the fourth quarter has also been increased and is now 8.6 billion pounds. This is a seasonal decline from the third quarter, but it is 4.1 percent higher than the same period in 2003. Throughout July and August, the number of chicks being placed for growout ranged between 2.5 and 5.6 percent higher than the previous year. This pattern is expected to change slightly going into the fourth quarter, with the growth in chick placements averaging slightly lower due to the recent decline in prices for most broiler products.

Over the last 2 months, prices for almost all broiler products have fallen strongly. While average prices for most broiler parts were considerably higher than a year earlier during the first and second quarters of 2004, prices for many parts are now only slightly higher or below their year-earlier levels. Prices for whole birds are still higher than the previous year, but prices for boneless/skinless breasts dropped over 70 cents a pound between June and August and in August averaged slightly less than the previous year.

Broiler Exports Lower in Second Quarter;

Third Quarter Also Forecast Down

Second-quarter 2004 broiler exports totaled 1.008 billion pounds, down 14 percent from the same period in 2003. The chief reason for the reduction is continued low shipments to Asian countries, primarily Hong Kong/China, Korea, and Japan. Over the first half of 2004, exports to these markets totaled only 141 million pounds, well below the 459 million pounds exported in the same period in 2003. Partially offsetting the decline in shipments to these Asia markets have been strong exports to both Canada and Mexico. Exports to Canada were 26-percent higher in the first half of 2004, and exports to Mexico totaled 195 million pounds, 21 percent higher than the previous year. In July, broiler exports totaled 407 million pounds, considerably higher than the last several months, but still down slightly from July 2003. The increase from the last several months is mostly attributable to higher shipments to Russia, but also to higher exports to countries such as Cuba, Turkey, and Georgia.

The export forecast for the third and fourth quarters was reduced by 50 million pounds a piece to 1.050 and 1.1 billion pounds. Lower shipments to Asia are the chief cause of the reduction. The lower shipments to Asia are expected to be partially offset by higher exports to a number of other markets due to the reduction in the price of leg quarters. In the Southern market, leg quarters averaged 26.5 cents per pound in August, down 5.5 cents per pound from June and 1 percent below a year earlier.

Turkey Production and Stocks Down, Prices Higher

Over the first 7 months of 2004, U.S. turkey production totaled 3.13 billion pounds, down 5.5 percent from the same period in 2003. Although turkey exports have also declined (down 19 percent in the first half of 2004 compared with the first half of 2003), they have been more than offset by the lower production, resulting in declining cold storage stocks of turkey (whole and products). Turkey exports turned upward in July, with shipments totaling 40.8 million pounds, up over 5 million pounds from July 2003. Most of the increase was due to larger exports to Mexico.

Cold storage estimates at the beginning of August place turkey stocks at 603 million pounds, down 17 percent from a year earlier. The decrease in turkey stocks is almost evenly divided between whole birds (down 16 percent) and stocks of turkey products (down 17 percent). The decline in stocks along with lower production has placed upward pressure on turkey prices. In August, the average price for a whole hen turkey in the Eastern market was 73.2 cents per pound, up 27 percent from the previous year. Prices for whole hens in the third and fourth quarters are expected to remain considerably higher than in the same period in 2003, as poult placements continue to point towards lower turkey production.

Contacts and Links

Contact Information

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Subscription Information

Subscribe to ERS e-mail notification service at http://www.ers.usda.gov/updates/ to receive timely notification of newsletter availability. Printed copies can be purchased from the USDA Order Desk by calling 1-800-999-6779 (specify the issue number or series SUB-LDPM-4042)

Data

An ERS database available at http://www.ers.usda.gov/Data/Meatscanner/ contains monthly average retail prices for selected cuts of red meat and poultry. The raw data underlying the database are from supermarkets across the United States that account for approximately 20 percent of U.S. supermarket sales. Leland Southard, (202) 694-5187.

Recent Report

"U.S. 2003 and 2004 Livestock and Poultry Trade Influenced by Animal Disease and Trade Restrictions" discusses how animal diseases have influenced trade in animal products in the past few years, and is available at http://www.ers.usda.gov/publications/LDP/JUL04/LDPM12001/

Related Websites

Animal Production and Marketing Issues, http://www.ers.usda.gov/briefing/AnimalProducts/
Cattle, http://www.ers.usda.gov/briefing/cattle/
Hogs, http://www.ers.usda.gov/briefing/hogs/
Poultry and Eggs, http://www.ers.usda.gov/briefing/poultry/
Dairy, http://www.ers.usda.gov/briefing/dairy
WASDE, http://www.usda.gov/oce/waob/wasde/latest.pdf

Red meat and poultry forecasts

	2001	2002	2003					2004					2005		
	Annual	Annual	I	II	III	IV	Annual	I	II	III	IV	Annual	I	II	Annual
Production, million lb															
Beef	26,107	27,090	6,282	6,902	7,081	5,973	26,238	5,834	6,254	6,360	6,000	24,448	5,725	6,275	24,350
Pork	19,138	19,664	4,898	4,741	4,807	5,499	19,945	5,130	4,897	4,965	5,475	20,467	5,085	4,925	20,485
Lamb and mutton	223	219	49	50	48	52	199	52	46	46	50	194	51	49	197
Broilers	31,266	32,240	7,786	8,275	8,448	8,240	32,749	8,208	8,491	8,800	8,575	34,074	8,400	8,825	35,125
Turkeys	5,562	5,713	1,380	1,439	1,409	1,423	5,650	1,302	1,365	1,350	1,375	5,393	1,315	1,410	5,575
Total red meat & poultry	83,006	85,669	20,570	21,586	21,965	21,355	85,476	20,687	21,220	21,686	21,636	85,229	20,734	21,653	86,396
Table eggs, mil. doz.	6,078	6,190	1,524	1,528	1,559	1,596	6,207	1,554	1,572	1,595	1,610	6,331	1,580	1,590	6,400
Per capita consumption, retail lb 1/															
Beef	66.2	67.6	16.2	16.9	16.9	15.0	64.9	15.9	16.9	17.0	15.8	65.6	15.4	16.7	64.6
Pork	50.2	51.5	12.6	12.5	12.6	14.1	51.8	13.0	12.4	12.7	13.8	51.8	12.5	12.2	50.9
Lamb and mutton	1.1	1.2	0.3	0.3	0.2	0.3	1.1	0.3	0.3	0.3	0.3	1.2	0.3	0.3	1.2
Broilers	76.6	80.5	19.7	20.7	21.3	19.9	81.6	20.8	21.2	22.5	21.6	86.1	21.2	22.0	87.4
Turkeys	17.5	17.7	3.6	3.9	4.6	5.3	17.4	3.6	4.0	4.1	5.3	16.9	3.4	3.9	17.0
Total red meat & poultry	213.6	220.5	52.9	54.9	56.1	55.0	218.9	54.1	55.1	56.9	57.1	223.1	53.2	55.5	222.7
Eggs, number	252.7	255.5	62.6	63.0	63.8	65.3	254.7	63.5	63.7	64.3	65.2	256.7	63.4	63.7	256.2
Market prices															
Choice steers, Neb., $/cwt	72.71	67.04	77.82	78.49	83.07	99.38	84.69	82.16	88.15	83-84	85-89	84-86	82-88	84-90	83-89
Feeder steers, Ok City, $/cwt	88.20	80.04	78.48	82.49	94.90	103.51	89.85	87.98	104.58	115-116	107-111	103-105	90-96	93-99	93-99
Boning utility cows, S. Falls, $/cwt	44.39	39.23	40.53	46.52	49.84	49.60	46.62	47.50	54.86	57-58	53-57	53-54	48-52	50-54	48-52
Choice slaughter lambs, San Angelo, $/cwt	72.04	72.31	91.92	93.71	89.48	92.82	91.98	100.62	97.06	95-96	94-98	96-98	95-101	93-99	93-99
Barrows & gilts, N. base, l.e. $/cwt	45.81	34.92	35.38	42.64	42.90	36.89	39.45	44.18	54.91	54-55	44-46	49-50	47-51	48-52	45-49
Broilers, 12 City, cents/lb	59.10	55.60	60.30	59.60	63.40	64.60	62.00	73.20	79.30	75-76	73-77	75-76	70-76	71-77	71-77
Turkeys, Eastern, cents/lb	66.30	64.50	61.10	60.60	59.10	67.40	62.10	62.10	66.60	73-74	74-78	69-70	60-66	63-69	66-71
Eggs, New York, cents/doz.	67.20	67.10	77.20	73.90	89.90	110.70	87.90	114.90	79.70	65-66	73-77	83-84	72-78	67-73	72-78
U.S. trade, million lb															
Beef & veal exports	2,269	2,447	582	678	680	578	2,518	36	120	140	150	446	135	165	600
Beef & veal imports	3,164	3,218	810	741	619	836	3,006	873	929	915	795	3,512	855	905	3,520
Lamb and mutton imports	146	162	40	44	35	48	168	62	47	42	46	197	57	50	199
Pork exports	1,560	1,611	412	440	404	461	1,717	523	546	475	525	2,069	510	545	2,115
Pork imports	951	1,070	289	301	298	297	1,185	275	265	285	290	1,115	275	265	1,115
Broiler exports	5,555	4,807	1,191	1,166	1,181	1,382	4,920	1,024	1,008	1,050	1,100	4,182	1,050	1,150	4,600
Turkey exports	487	439	103	114	129	137	484	83	93	100	125	401	105	105	455

1/ Per capita meat and egg consumption data are revised, incorporating a new population series from the Commerce Department's Bureau of Economic Analysis based on the 2000 Census.

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

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Published in Livestock, Dairy, and Poultry Outlook,http://www.ers.usda.gov/publications/ldp/

Economic Indicator Forecasts

	2003				2004					2005		
	II	III	IV	Annual	I	II	III	IV	Annual	I	II	Annual
GDP, chain wtd (bil. 2000 dol.)	10,288	10,493	10,599	10,381	10,709	10,778	10,871	10,978	10,830	11,080	11,181	11,233
CPI-U, annual rate (pct.)	0.6	2.3	0.9	1.9	3.6	4.7	3.0	2.3	3.4	2.3	2.3	2.1
Unemployment (pct.)	6.2	6.1	5.9	6.0	5.6	5.6	5.5	5.5	5.5	5.4	5.3	5.3
Interest (pct.)												
3-month Treasury bill	1.0	1.0	0.9	1.0	0.9	1.1	1.5	1.8	1.3	2.2	2.5	2.7
10-year Treasury bond yield	3.6	4.2	4.3	4.0	4.0	4.6	4.6	4.8	4.5	5.2	5.4	5.4

Source: Survey of Professional Forecasters, Philadelphia Federal Reserve Bank, August 2004.

For further information, contact: Jim Miller 202 694 5184, jjmiller@ers.usda.gov
Published in Livestock, Dairy, and Poultry Outlook, http://www.ers.usda.gov/publications/ldp

Dairy Forecasts

	2003				2004					2005		
	II	III	IV	Annual	I	II	III	IV	Annual	I	II	Annual
Milk cows (thous,)	9,109	9,073	9,011	9,084	8,990	8,997	9,010	8,985	8,995	8,935	8,890	8,880
Milk per cow (pounds)	4,827	4,601	4,609	18,748	4,750	4,858	4,660	4,685	18,955	4,855	5,020	19,460
Milk production (bil. pounds)	44.0	41.7	41.5	170.3	42.7	43.7	42.0	42.1	170.5	43.4	44.6	172.8
Commercial use (bil. pounds)												
milkfat basis	43.0	44.9	45.3	174.6	42.1	43.7	45.3	45.7	176.7	42.6	44.2	177.1
skim solids basis	41.5	42.4	41.9	166.0	42.6	43.1	43.4	43.0	172.1	43.0	43.5	173.5
Net removals (bil. pounds)												
milkfat basis	0.6	0.2	0.0	1.2	-0.1	0.0	0.0	0.0	0.0	0.0	0.1	0.1
skim solids basis	3.1	1.4	0.9	8.3	0.6	0.2	0.6	1.0	2.4	1.0	0.9	3.8
Prices (dol./cwt)												
All milk 1/	11.00	13.30	14.40	12.52	14.07	18.60	15.30	15.10	15.75	13.05	12.10	12.95
							-15.50	-15.60	-15.95	-13.85	-13.10	-13.95
Class III	9.62	13.29	13.24	11.42	12.66	19.31	14.35	13.45	14.95	11.20	11.10	11.60
							-14.55	-13.95	-15.15	-12.20	-12.10	-12.60
Class IV	9.74	10.05	10.33	10.00	12.43	14.26	12.60	11.85	12.75	10.90	10.80	11.15
							-12.90	-12.45	-13.05	-11.80	-11.90	-12.25

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

Source: World Agricultural Supply and Demand Estimates and supporting materials.
For further information, contact: Jim Miller 202 694 5184, jjmiller@ers.usda.gov
Published in Livestock, Dairy, and Poultry Outlook, http://www.ers.usda.gov/publications/ldp

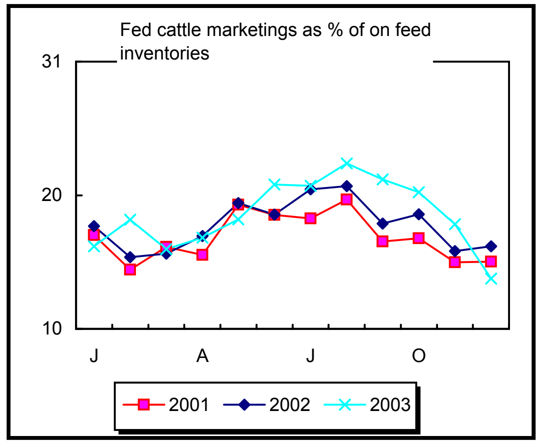
PRODUCTION INDICATORS

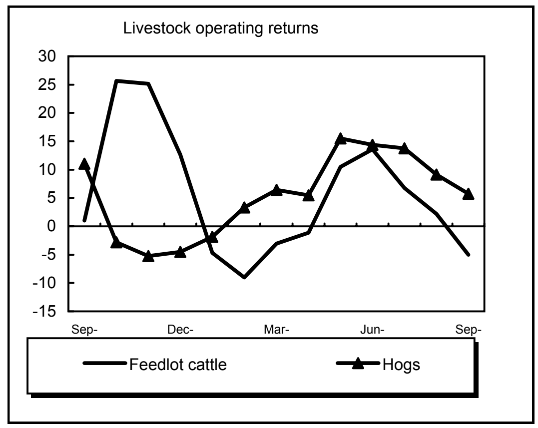
	Aug. '2003	June	July	Aug. /*
		2004		
			1,000 Head	
Cattle:				
On feed - US, 1,000+ Hd.	9,590	10,625	10,117	9,853
Net placements	2,324	1,574	1,662	2,043
Marketings	2,075	2,082	1,926	1,923
Broilers:				
Eggs in incubators (000) /1	641,502	660,095	658,968	662,905
Chicks hatched (000) /2	784,037	785,844	801,800	809,820
Hatching egg layers /1	55,587	57,428	56,817	56,194
Pullets placed (000)	7,401	6,727	7,212	7,280
Hvy-type hen slaughter /2	6,170	6,099	6,178	6,110
Turkeys:				
Eggs in incubators (000) /1	32,519	29,910	30,979	30,603
Poults placed (000)	24,036	23,291	25,275	23,654
Eggs:				
Table egg prod. (mil. doz.) /2	524.7	516.8	541.0	535.6
Table egg layers, (000) /1	276,154	282,697	282,634	282,958
Table eggs/100 layers /1	73.8	72.6	73.6	73.3
Chicks hatched (000) /2	33,199	38,066	36,200	36,024
Lt.-type hen slaughter /2	5,515	6,304	5,994	5,850

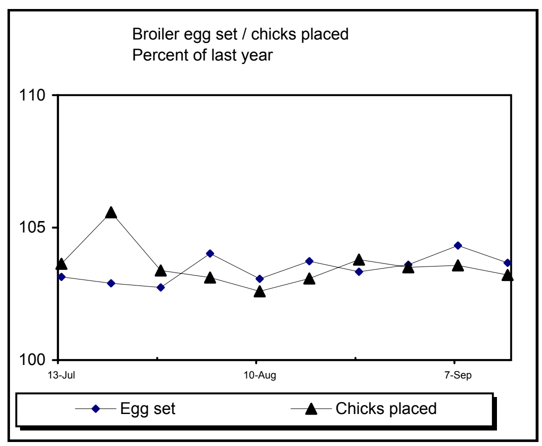
ESTIMATED RETURNS

	Sep. '2003	July	Aug.	Sep. /*
		2004		
			Cents/lb	
Great Plains cattle feedlot				
Breakeven price /3	68.99	78.12	82.07	87.51
Selling price	87.37	84.91	84.28	82.50
Net margin	18.38	6.79	2.21	-5.01
N. Central hog farrow to finish				
Breakeven price /3	41.23	44.45	47.04	48.24
Selling price	41.82	58.21	56.19	54.00
Net margin	0.59	13.76	9.15	5.76
Broiler	**Index**	**Index**	**Index**	**Index**
Feed Cost 1998-2000=100	106.2	140.0	138.6	127.5
Market Price 1998-2000=100	126.3	151.9	139.6	131.5
Price - Cost 1998-2000=100	133.4	156.1	140.0	132.9
Turkey				
Feed Cost 1998-2000=100	112.6	153.5	150.1	148.6
Market Price 1998-2000=100	91.6	107.0	110.2	112.3
Price - Cost 1998-2000=100	82.1	85.8	92.0	95.9
Egg				
Feed Cost 1998-2000=100	109.2	143.7	128.8	113.4
Market Price 1998-2000=100	116.1	85.6	79.8	68.2
Price - Cost 1998-2000=100	119.7	55.3	54.2	44.6

/1 First of month.
/2 Last month estimated.
/3 Does not include capital replacement cost.
/* estimate.





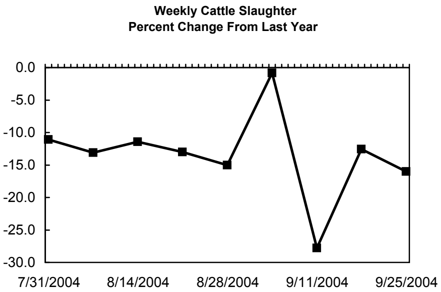


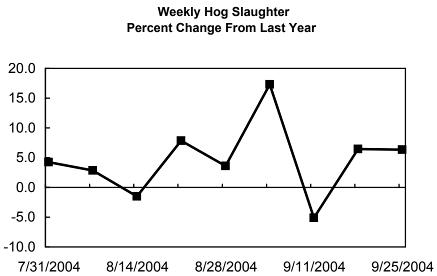
MEAT STATISTICS

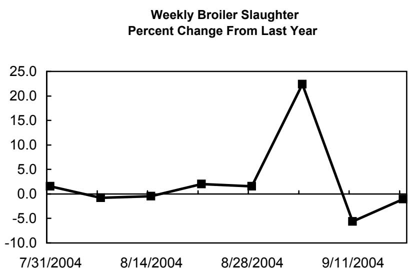
	Jan. - Sept. 2003	Jan. - Sept. 2004	2004 May	June	July	Aug.	Sept. /*
Commercial production			*Million pounds*				
Beef	20,265	18,445	2,070	2,227	2,105	2,151	2,101
Veal	141	126	14	13	13	14	13
Pork	14,446	15,072	1,500	1,672	1,576	1,698	1,771
Lamb	147	145	13	16	14	15	17
Total red meat	35,000	33,788	3,597	3,928	3,709	3,878	3,902
Broilers	24,509	25,607	2,770	2,904	2,877	3,017	3,014
Other chicken	386	369	39	44	43	43	42
Turkeys	4,227	4,039	449	467	461	460	450
Total poultry	29,122	30,015	3,258	3,415	3,381	3,520	3,507
Total meat & poultry	64,121	63,803	6,855	7,342	7,090	7,398	7,409
	Jan. - Sept. 2003	**Jan. - Sept. 2004**	**2004 May**	**June**	**July**	**Aug.**	**Sept. /***
Commercial slaughter/**			*Thousand head*				
Cattle	27,375	24,743	2,836	2,995	2,788	2,819	2,733
Steers	13,665	12,638	1,495	1,563	1,479	1,480	1,435
Heifers	8,727	7,879	893	955	856	863	825
Beef Cows	2,364	2,007	231	244	214	216	213
Dairy Cows	2,144	1,786	169	182	189	203	205
Bulls and stags	476	432	48	51	50	57	55
Calves	738	637	65	66	69	73	66
Sheep	2,216	2,125	189	231	221	233	257
Hogs	73,323	76,195	7,579	8,504	8,095	8,615	9,035
Barrows & gilts	70,704	73,526	7,302	8,199	7,802	8,316	8,743
Sows	2,435	2,479	258	285	271	278	274
Broilers	6,412,878	6,610,742	714,731	751,634	742,483	774,550	758,350
Turkeys	198,980	189,447	20,435	21,489	22,000	21,900	22,025
		Sept. 2003	**2004 May**	**June**	**July**	**Aug.**	**Sept. /***
F.I. dressed weight			*Pounds*				
Cattle		746	736	750	761	769	773
Calves		186	216	205	199	193	196
Sheep		67	70	68	65	66	66
Hogs		196	199	198	196	196	197
Beginning cold storage stocks			*Million pounds*				
Beef		371.0	421.2	421.2	411.3	427.0	447.7
Pork		430.2	455.1	455.1	379.7	373.4	387.9
Bellies		17.9	48.4	48.4	37.2	23.4	15.1
Hams		127.8	56.3	56.3	68.1	84.4	100.3
Total chicken		617.7	645.8	669.8	756.7	730.3	728.1
Turkey		706.5	548.8	571.1	595.7	599.6	585.1
Frozen eggs		18.0	20.9	20.6	18.3	16.7	17.2

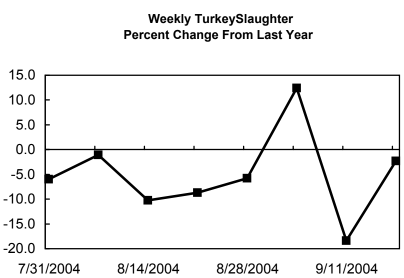
/* Estimates with exception of Cold Storage

/** Slaughter classes are estimated









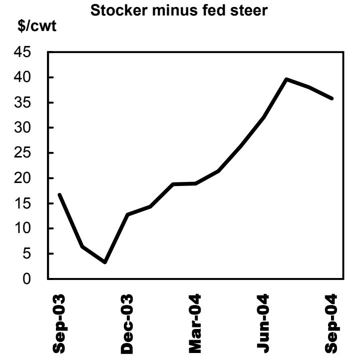
LIVESTOCK PRICES

	2003	2004				
	Sept.	May	June	July	Aug.	Sept. /*
Cattle prices						
Steers, Choice, 11-13 cwt						
Texas Panhandle	87.37	87.34	89.16	84.91	84.28	82.50
Nebraska Direct	90.59	88.22	89.19	84.27	84.15	82.50
Cows - Sioux Falls						
Utility breaking	55.38	57.75	60.10	61.72	58.25	59.15
Utility boning	50.50	55.25	56.20	57.72	56.13	56.95
Feeder Cattle - Oklahoma City						
Steers: Med. #1						
500-550 lb	104.94	123.02	126.07	134.86	130.31	122.75
600-650 lb	104.06	113.75	121.19	124.51	122.28	118.30
750-800 lb	101.34	104.74	113.31	117.10	116.73	114.90
Heifers: Med. #1						
450-500 lb	97.37	115.66	123.09	129.57	123.83	117.80
700-750 lb	95.00	102.77	108.37	109.04	112.04	110.80
Hog prices						
Barrows and gilts						
National base 51-52% lean	41.82	58.45	57.95	58.21	56.19	54.00
(live equivalent = carcass x .74)						
Sows						
Iowa-S. Minn. #1-2, 300-400 lb	31.21	46.51	49.34	50.59	47.56	42.00
Sheep & lamb prices						
San Angelo, TX						
Slaughter lambs, Choice	91.44	97.50	101.37	97.50	91.12	91.25
Ewes, Good	36.75	43.25	40.12	46.58	46.69	50.00
Feeder lambs, Choice	109.63	114.19	112.81	113.92	119.44	117.00

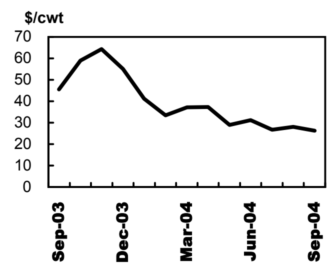
GRAIN AND FEED PRICES

	2003	2004				
	Sept.	May	June	July	Aug.	Sept. /*
			$/bu			
Corn, #2 Yellow, Cen. Ill	2.15	2.90	2.76	2.26	2.17	2.00
Wheat, HRW Ord., K.C.	3.59	4.14	3.96	3.85	3.61	3.88
			$/ton			
SBM, 48% Solvent, Decatur	217.95	300.69	285.81	284.05	205.34	178.00
Alfalfa Hay, U.S. Avg.	90.10	109.00	102.00	98.40	98.40	98.40
Grass Hay, U.S. Avg.	67.30	78.30	76.90	70.90	70.90	70.90

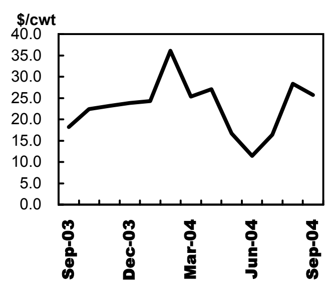
Cattle price spread
Stocker minus fed steer



Steer - hog price spread
Fed steer minus live hog



Lamb spread
Feeder minus slaughter lamb

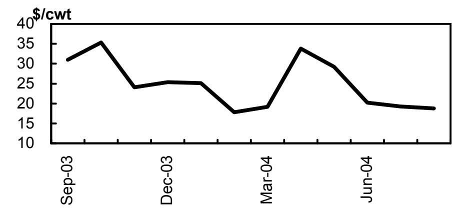


WHOLESALE PRICES

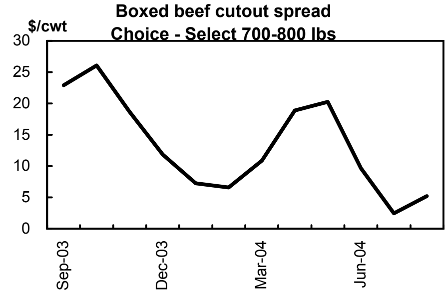
	2003	2004				
	Sept.	May	June	July	Aug.	Sept. /*
Beef, Central U.S.						
Boxed beef cutout			$/cwt			
Choice 1-3 550-700 lb	156.64	155.70	148.54	140.27	139.33	134.75
Choice 1-3 700-850 lb	156.48	156.81	148.42	139.56	137.55	133.30
Select 1-3 700-850 lb	133.59	136.53	138.79	137.11	132.33	129.40
Canner-Cutter Cows	N/A	N/A	N/A	N/A	N/A	N/A
Bnls. beef, 90% fresh	119.31	136.27	140.09	152.13	146.19	145.40
Importd bnls. beef 90% frz.	110.53	132.25	136.10	138.67	143.38	146.15
Hide & offal value	8.88	8.09	8.28	8.56	8.31	8.21
Veal carcass, 220-280 lb	N/A	N/A	N/A	N/A	N/A	N/A
Pork, Central U.S.						
Pork cutout composite	64.35	81.89	80.60	80.82	77.21	73.50
Loins, 14-19 lb Bl 1/4" trim	111.38	140.65	130.30	121.36	116.93	118.00
Bellies, 12-14 lb skin on trmd.	83.15	117.53	113.00	118.22	99.92	94.00
Hams, 20-23 lb Bl trmd. TS1	58.20	57.95	64.72	75.03	74.98	73.00
Trimmings, 72% fresh	53.03	66.43	71.89	67.69	71.65	72.00
Lamb, East Coast						
55 lb Down, Choice	N/A	N/A	N/A	N/A	N/A	N/A
55-65 lb, Choice	180.29	192.71	202.73	196.64	185.91	186.15
			cents/lb			
Broilers						
12 City Avg.	64.08	79.54	82.00	81.59	75.44	69.75
Georgia dock	67.61	76.13	78.75	79.85	78.39	76.85
Northeast						
Breast, boneless	174.95	232.96	251.40	222.29	180.20	154.10
Breast, Ribs on	92.04	132.14	140.57	133.05	113.44	94.80
Legs, whole	37.82	48.29	50.21	46.50	41.81	41.00
Leg quarters	28.52	37.24	37.36	34.66	33.00	32.05
Turkeys						
Eastern region						
Toms, 16-24 lb	60.49	67.11	68.90	70.64	72.50	74.05
Hens, 8-16 lb	61.52	66.41	68.95	71.21	73.32	74.25
Breast, 4-8 lb	86.60	94.13	93.78	96.00	95.60	96.65
Drumsticks	35.80	34.51	33.22	32.52	30.36	38.25
Wings, full cut	27.59	45.37	36.30	34.09	34.76	43.10
Eggs, grd A, lg, doz						
12 City Metro	84.87	65.40	68.76	62.60	58.37	49.85
New York	94.90	73.50	75.90	69.76	63.41	62.75

Hog to cutout price spread
Pork + Offal - Live hog

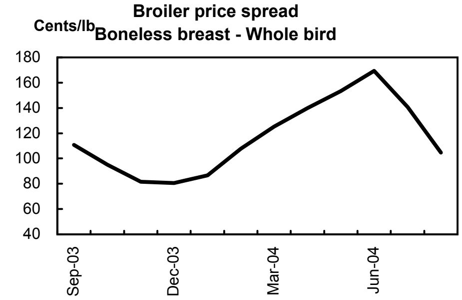
Steer to cutout price spread
Beef + Offal - Fed Steer



Boxed beef cutout spread
Choice - Select 700-800 lbs



Broiler price spread
Boneless breast - Whole bird

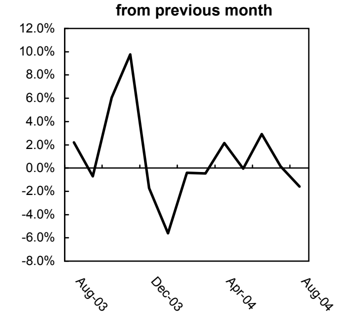


/* Estimates.
Source: Agricultural Marketing Service.
Livestock, Dairy and Poultry Situation and Outlook

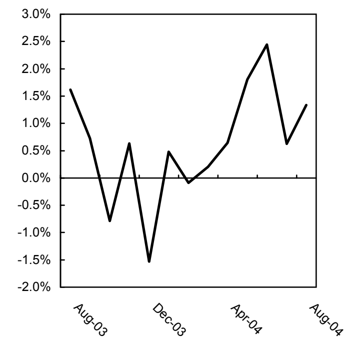
RETAIL PRICES & SPREADS

	Mar-2004	Apr-2004	May-2004	Jun-2004	Jul-2004	Aug-2004
Retail prices				*Cents/lb*		
Beef - Choice	397.1	405.7	405.5	417.3	417.9	411.3
Beef - All fresh	355.2	354.3	362.5	368.7	368.7	363.4
Ground beef	216.9	208.9	212.5	207.8	209.5	213.0
Round roast	371.9	367.2	364.7	375.9	375.9	369.3
T-bone steak	NA	NA	NA	NA	NA	NA
Pork	269.6	271.3	276.2	283.0	284.7	288.5
Bacon	312.9	319.6	333.0	342.0	347.0	362.2
Chops	305.6	304.7	304.5	316.7	328.9	315.5
Sausage	NA	NA	NA	NA	NA	NA
Broilers - Composite	163.8	162.6	166.9	164.2	165.2	166.3
Whole, fresh	110.0	112.0	103.9	106.0	107.7	109.2
Breast - bone in	NA	NA	NA	NA	NA	NA
Leg - bone in	129.9	126.8	137.8	131.6	133.3	135.1
Turkey; whole frozen	113.4	108.4	109.0	111.7	112.9	114.2
Eggs, Gr A, Lg, Doz	162.5	156.2	137.2	131.1	125.3	127.7
Price indexes				*1982-84=100*		
CPI - All	187.4	188.0	189.1	189.7	189.4	189.5
All food	184.4	184.5	186.1	186.3	186.8	186.8
All meat	179.0	179.0	182.1	184.2	185.8	185.7
Beef & veal	190.1	191.4	195.0	197.5	198.3	197.4
Pork	169.4	167.2	172.1	175.7	178.5	179.3
Poultry	177.8	178.1	181.6	182.6	184.9	186.8
Price Spreads				*Cents / retail lb*		
Beef						
Farm to wholesale	32.9	56.5	49.3	35.6	34.0	31.8
Wholesale to retail	178.8	161.5	164.2	187.7	201.6	197.4
Farmers share (%)	47	46	47	46	44	44
Pork						
Farm to wholesale	33.9	36.5	31.5	33.7	33.6	35.8
Wholesale to retail	150.8	149.8	141.5	147.0	148.9	154.4
Farmers share (%)	32	31	37	36	36	34
Poultry and eggs						
Wholesale to retail						
Broilers	80.6	77.8	79.2	75.6	78.6	86.6
Retail to consumer						
Turkey	42.5	35.0	33.5	33.9	33.3	32.5
Eggs Cents/doz	49.9	74.5	72.8	63.3	63.7	70.3

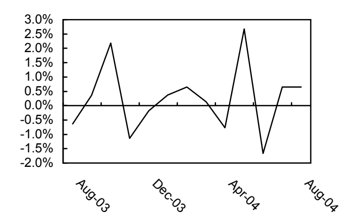
Retail beef price
Percent change from previous month



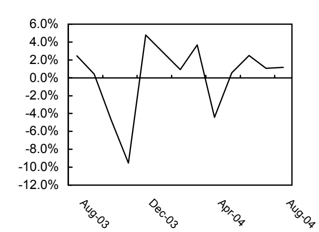
Retail pork price
Percent change from previous month



Composite broiler price
Percent change from previous month



Retail Turkey Price
Percent change from previous month



Sources: Economic Research Service, USDA and Bureau of Labor Statistics, U.S. Department of Labor.

Cumulative U.S. livestock & meat trade

	2002	2003	Jan. - Jul-2003	Jan. - Jul-2004
Beef & veal imports		*Carcass wt., 1,000 lb*		
Australia	1,136,758	1,128,589	633,999	594,277
New Zealand	603,931	644,607	467,348	506,184
Canada	1,090,894	740,065	422,862	608,362
Brazil	200,785	206,227	120,570	116,045
Argentina	85,349	87,890	41,998	64,558
Central America	68,325	79,118	46,876	49,468
Uruguay	14,095	103,372	18,610	207,769
Mexico	16,707	15,883	8,452	10,842
Other	756	161	142	365
Total	3,217,599	3,005,910	1,760,858	2,157,869
Beef & veal exports				
Japan	771,074	918,014	541,813	5,892
Canada	240,550	226,681	157,981	19,818
Mexico	629,252	586,390	356,368	145,742
South Korea	597,301	586,617	344,959	886
Caribbean	23,015	21,691	12,206	15,342
Russia	17,388	10,626	7,294	178
Other	169,125	168,230	82,978	15,485
Total	2,447,704	2,518,249	1,503,599	203,344
Cattle imports			*Head*	
Mexico	816,460	1,239,531	573,687	717,010
Canada	1,686,508	512,353	508,322	2,981
Over 700 lb.:	1,259,536	439,016	439,016	-
Immediate slaughter	1,024,378	354,044	354,044	-
440-700 lb	221,782	12,520	11,500	903
Total	2,502,973	1,751,896	1,082,021	719,991
Cattle exports				
Mexico	106,019	22,437	14,748	710
Canada	134,220	68,394	55,211	23,974
Total	244,394	98,818	74,794	24,753
Lamb imports		*Carcass wt., 1,000 lb*		
Australia	68,073	75,320	44,164	51,284
New Zealand	48,565	59,159	32,768	44,575
Total	117,047	134,830	77,103	96,219
Mutton imports				
Australia	41,094	28,641	15,503	21,828
New Zealand	1,787	4,262	1,577	4,574
Total	42,886	32,912	17,080	26,402
Lamb and mutton exports				
Mexico	5,435	5,013	2,964	3,015
Caribbean	836	689	488	435
Canada	328	181	56	452
Total	7,101	6,596	4,092	4,221
Customs Service (beef/veal)		*Product wt., metric tons*		
YTD imports under WTO:		9/22/2003	9/20/2004	% of quota
Canada		158,976	247,347	NA
Mexico		2,766	3,739	NA
TRQ countries		443,512	445,358	64
Australia		246,077	230,880	61
New Zealand		172,427	182,169	85
Argentina		-	-	-
Uruguay		7,028	12,431	62
Other		17,979	19,878	31
Total		605,254	696,444	NA

Note revised beef exports for Jan. and Feb. 2004

	2002	2003	Jan. - Jul-2003	Jan. - Jul-2004
Pork imports		*Carcass wt., 1,000 lb*		
Canada	879,949	971,328	558,127	507,358
Denmark	123,013	147,110	93,627	85,659
Poland	24,420	22,630	11,978	12,948
Netherlands	6,730	5,887	3,627	4,518
Hungary	4,806	5,457	3,420	680
Other	31,809	32,789	20,594	21,755
Total	1,070,727	1,185,202	691,373	632,918
Pork exports				
Japan	775,945	793,339	524,381	557,579
Canada	188,351	191,505	97,316	124,809
Mexico	313,695	349,983	167,576	286,451
Russia	41,397	16,386	10,028	23,632
South Korea	70,836	79,642	52,136	37,796
Hong Kong	28,393	44,620	23,361	22,665
China (Mainland)	23,803	44,658	22,585	40,430
China (Taiwan)	50,758	70,129	31,011	66,159
Caribbean	20,554	16,115	7,775	12,184
Other	98,497	110,321	57,471	61,261
Total	1,612,228	1,716,698	993,641	1,232,967
Hog imports			*Head*	
Canada	5,740,073	7,438,063	3,891,378	4,964,251
Under 110 lb.	3,757,882	4,971,044	2,771,472	3,349,217
Under 15 lb. From 7/1/03		1,446,950	274,298	1,851,143
Total	5,740,675	7,438,254	3,891,384	4,964,797
Hog exports				
Total	205,121	169,881	55,270	108,775
Broiler exports		*Ready to cook, 1,000 lb*		
Japan	120,682	101,635	64,637	17,664
Mexico	324,148	363,677	192,381	229,565
Hong Kong/M. China	763,952	595,602	351,558	108,523
Guatemala	99,547	121,216	69,338	57,045
Canada	191,517	202,342	114,978	140,425
Russia	1,520,532	1,458,045	817,792	736,905
CIS (ex Russia)	189,456	257,400	122,504	199,529
Eastern Europe	109,774	127,578	98,408	78,874
Baltic countries	102,053	134,483	70,349	70,541
Caribbean	287,075	332,411	182,533	175,619
Other	1,385,523	1,558,033	869,966	798,865
Total	4,807,184	4,920,013	2,771,910	2,437,937
Turkey exports				
Mexico	186,284	242,474	119,762	127,201
Canada	14,445	14,740	8,963	8,846
South Korea	12,990	9,706	7,350	1,275
Russia	29,026	25,168	10,526	18,822
Hong Kong	70,199	45,673	22,984	3,120
China (Taiwan)	23,771	30,118	20,047	14,062
Other	101,864	115,834	62,655	43,102
Total	438,579	483,714	252,286	216,429
Shell egg exports		*1,000 doz.*		
Canada	30,496	26,391	12,467	23,967
Hong Kong	22,685	15,868	11,339	5,669
Mexico	11,952	14,361	8,749	3,382
Carribbean	9,951	10,908	6,350	6,170
Other	13,568	19,829	14,205	12,598
Total	88,652	87,356	53,110	51,787

Sources: Economic Research Service, USDA and Census Bureau, U.S. Department of Commerce.

Monthly U.S. livestock and meat trade **

	Jul-03	Aug-03	Sep-03	Oct-03	Nov-03	Dec-03	Jan-04	Feb-04	Mar-04	Apr-04	May-04	Jun-04	Jul-04
Beef & veal imports						***Carcass wt., 1,000 lb***							
Australia	97,216	92,338	102,741	110,679	88,183	100,649	134,456	39,069	62,405	83,959	67,782	99,911	106,696
New Zealand	72,662	52,915	31,643	20,315	26,012	46,375	71,938	71,079	76,456	69,940	61,002	73,092	82,677
Canada	178	88	37,627	90,410	97,536	91,542	74,560	78,921	92,808	95,115	77,864	102,962	86,132
Brazil	18,896	16,937	15,519	17,168	15,419	20,614	20,101	14,598	15,553	16,572	16,545	15,230	17,446
Argentina	5,758	7,918	8,752	10,808	7,827	10,587	8,313	7,721	7,806	7,130	9,894	12,620	11,073
Central America	6,472	4,001	4,616	7,396	7,111	9,117	6,844	8,312	8,378	5,912	6,361	5,946	7,716
Uruguay	7,479	17,964	13,352	20,580	15,563	17,303	23,961	23,728	21,773	26,982	29,080	39,561	42,683
Mexico	928	1,362	1,374	1,579	1,491	1,625	1,567	1,100	1,354	1,740	1,362	2,105	1,615
Other	33	2	4	3	6	4	233	4	6	0	73	13	35
Total	209,622	193,525	215,628	278,937	259,145	297,816	341,973	244,530	286,539	307,350	269,962	351,441	356,074
Beef & veal exports	209,622												
Japan	81,754	76,768	80,049	90,502	75,129	53,753	350	85	543	1,555	832	1,109	1,419
Canada	17,881	10,969	15,534	14,826	15,163	12,208	741	1,188	1,421	1,582	4,519	5,381	4,988
Mexico	64,802	59,814	54,889	49,544	30,583	35,191	1,304	2,748	13,197	24,391	30,939	35,961	37,201
Korea, Rep.	65,045	65,442	35,023	49,188	46,581	45,424	29	1	518	80	63	108	87
Caribbean	1,913	1,795	1,490	2,019	1,877	2,305	1,675	2,208	2,141	2,921	1,641	2,074	2,683
Russia	878	511	1,811	612	357	41	-	0	-	40	101	-	37
Other	10,816	13,999	18,914	19,797	17,945	14,598	2,213	2,381	2,048	2,493	2,356	1,940	2,054
Total	243,089	229,298	207,709	226,488	187,636	163,519	6,312	8,610	19,867	33,062	40,451	46,573	48,469
Cattle imports						***Head***							
Mexico	42,401	40,912	58,983	161,342	204,066	200,541	69,004	106,948	130,779	117,312	97,153	101,335	94,479
Canada	-	-	-	-	-	4,031	2,981	-	-	-	-	-	-
Over 700 lb	-	-	-	-	-	-	-	-	-	-	-	-	-
Immediate slaughter	-	-	-	-	-	-	-	-	-	-	-	-	-
440-700 lb	-	-	-	-	-	1,020	903	-	-	-	-	-	-
Total	42,401	40,912	58,983	161,342	204,066	204,572	71,985	106,948	130,779	117,312	97,153	101,335	94,479
Cattle exports													
Mexico	1,128	1,026	628	1,175	3,154	1,706	172	-	-	-	-	117	421
Canada	2,060	1,349	2,531	1,598	3,870	3,835	2,507	-	-	400	12,022	8,395	650
Total	3,950	3,121	4,043	3,648	7,287	5,925	2,709	-	18	403	12,038	8,514	1,071
Lamb imports						***Carcass wt., 1,000 lb***							
Australia	4,758	4,421	4,607	6,095	7,871	8,161	7,789	5,368	9,734	7,588	6,759	7,409	6,638
New Zealand	3,897	8,179	4,488	4,776	4,656	4,293	6,075	7,063	7,928	6,838	6,891	5,286	4,494
Total	8,670	12,600	9,170	10,935	12,535	12,487	13,971	12,471	17,742	14,426	13,716	12,760	11,132
Mutton imports													
Australia	1,487	1,588	1,290	2,462	3,002	4,796	6,707	3,908	3,861	1,742	1,738	1,885	1,986
New Zealand	217	70	293	433	550	1,338	1,628	1,431	612	66	53	404	379
Total	1,704	1,667	1,583	2,896	3,552	6,134	8,336	5,339	4,473	1,808	1,791	2,289	2,366
Lamb and mutton exports													
Mexico	417	316	399	221	577	537	552	539	1,251	3	41	338	290
Caribbean	37	20	27	66	31	57	43	95	100	130	27	12	27
Canada	11	13	27	40	19	27	-	134	8	78	55	104	72
Total	549	376	462	337	687	642	604	838	1,423	226	259	464	407

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Monthly U.S. livestock and meat trade, continued

	Jul-03	Aug-03	Sep-03	Oct-03	Nov-03	Dec-03	Jan-04	Feb-04	Mar-04	Apr-04	May-04	Jun-04	Jul-04
Pork imports						***Carcass wt., 1,000 lb***							
Canada	84,569	79,696	86,333	88,339	81,292	77,541	73,349	69,721	76,693	66,682	65,920	76,190	78,803
Denmark	10,386	10,127	9,354	10,803	11,860	11,339	12,230	11,360	15,794	12,184	12,156	13,141	8,793
Poland	1,787	2,407	2,593	2,082	2,045	1,525	1,693	1,743	2,053	1,378	1,762	2,611	1,709
Netherlands	350	299	488	344	720	408	259	451	715	822	569	685	1,017
Hungary	600	596	608	290	265	278	478	-	-	-	-	66	136
Other	3,091	2,470	2,178	2,295	2,408	2,844	2,844	2,152	3,162	3,417	3,293	3,758	3,128
Total	100,782	95,596	101,554	104,152	98,590	93,936	90,853	85,427	98,418	84,482	83,701	96,452	93,585
Pork exports													
Japan	74,775	52,777	47,279	58,275	55,126	55,502	65,999	75,190	83,038	86,241	86,022	81,592	79,498
Canada	14,270	14,172	19,327	19,312	22,878	18,501	17,890	17,112	20,653	16,696	20,485	16,943	15,031
Mexico	25,851	28,899	32,393	35,376	38,001	47,737	43,350	36,840	46,124	40,648	40,473	42,605	36,411
Russia	591	475	1,425	1,409	2,021	1,028	882	3,691	6,482	3,434	3,403	2,952	2,788
Korea, Rep.	4,885	5,746	5,078	5,155	5,825	5,702	3,155	6,260	8,344	7,210	6,892	2,984	2,950
Hong Kong	4,894	2,541	2,362	3,650	6,622	6,083	1,770	2,632	3,539	5,626	4,211	2,965	1,922
China (Mainland)	3,317	5,886	4,205	4,823	3,358	3,800	3,193	3,398	3,866	5,563	5,147	8,377	10,886
China (Taiwan)	3,995	6,277	7,388	7,057	8,950	9,445	8,862	12,961	13,851	11,533	7,798	5,780	5,374
Caribbean	962	1,380	1,253	1,640	2,001	2,065	1,665	1,654	1,938	1,615	1,945	1,704	1,662
Other	8,378	12,035	11,060	9,504	12,133	8,117	7,311	10,968	11,028	9,680	8,796	6,705	6,774
Total	141,918	130,188	131,771	146,202	156,916	157,979	154,077	170,706	198,862	188,246	185,173	172,606	163,296
Hog imports						***Head***							
Canada	710,558	665,040	721,761	728,590	667,950	763,344	805,534	670,666	733,110	712,856	638,900	672,003	731,182
Under 110 lb.	469,921	421,569	446,926	444,102	405,456	481,519	515,961	446,716	484,097	491,040	442,161	460,893	508,349
Under 15 lb.	274,298	221,684	233,310	244,646	215,380	257,632	290,181	242,716	264,337	279,244	237,804	241,747	295,114
Total	710,558	665,225	721,761	728,590	667,950	763,344	805,534	671,212	733,110	712,856	638,900	672,003	731,182
Hog exports													
Total	12,727	15,492	18,721	10,285	38,423	31,690	33,429	23,228	20,132	11,849	5,102	8,678	6,357
Broiler exports	***Has been revised to exclude paws				***Ready to cook, 1,000 lb***								
Japan	11,415	13,557	8,573	7,655	4,137	3,077	5,003	4,391	97	86	19	457	7,611
Mexico	30,432	22,661	33,157	37,469	31,437	46,572	27,781	32,363	24,646	31,145	39,969	39,495	34,166
Hong Kong/ M. China	43,554	49,612	42,164	51,290	55,945	45,032	43,504	22,485	2,048	1,596	5,435	15,814	17,640
Guatemala	9,276	10,144	9,310	9,537	10,497	12,391	9,331	8,476	7,191	10,604	8,909	5,848	6,686
Canada	19,163	18,528	19,597	18,258	17,043	13,939	17,539	16,211	17,571	19,527	24,015	25,431	20,131
Russia	143,180	99,132	111,648	206,681	144,783	78,009	53,891	87,185	135,856	135,033	113,253	93,197	118,490
CIS (excluding Russia)	14,429	17,428	23,925	23,022	37,303	33,218	15,447	9,953	18,580	28,499	39,618	41,757	45,675
Eastern Europe	20,611	10,830	4,092	3,899	4,609	5,740	8,297	7,843	11,878	10,035	10,669	12,466	17,686
Baltic countries	12,016	24,039	4,592	13,019	13,696	8,789	14,731	24,056	14,859	1,714	11,159	416	3,605
Caribbean	18,289	26,239	17,980	42,804	34,651	28,204	38,273	21,173	19,013	14,055	21,461	29,686	31,958
Other	91,987	100,875	98,323	149,169	101,129	88,692	128,174	88,486	87,226	69,428	70,947	75,905	103,079
Total	414,351	393,045	373,361	562,803	455,230	363,664	361,973	322,623	338,965	321,721	345,455	340,473	406,727

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Monthly U.S. livestock and meat trade, continued

	Feb-00	Jan-00	Jan-00	Mar-00	Jan-00	Feb-00	Feb-00	Apr-00	Apr-00	May-00	Jan-00	Jan-00	Jan-00
Turkey exports	*Ready to cook, 1,000 lb*												
Mexico	18,721	17,984	27,814	28,610	22,813	25,491	19,843	16,496	13,644	12,360	18,507	22,031	24,320
Canada	1,414	1,440	1,661	1,046	970	661	1,429	1,266	1,137	1,319	882	1,170	1,643
S. Korea	1,246	624	116	520	921	175	757	103	10	114	52	13	227
Russia	2,085	2,170	4,591	3,960	3,690	231	28	1,114	2,651	3,292	4,571	3,642	3,524
Hong Kong	2,495	6,020	4,520	4,502	3,721	3,926	1,261	77	46	53	306	843	534
China (Taiwan)	2,076	3,786	1,638	1,829	1,168	1,651	1,742	792	1,405	677	1,929	2,466	5,050
Other	7,418	12,506	9,093	9,981	11,978	9,622	6,743	6,769	5,375	5,864	7,898	4,943	5,510
Total	35,456	44,530	49,433	50,448	45,261	41,756	31,804	26,617	24,269	23,678	34,145	35,107	40,808
Shell egg exports egg exports	*1,000 doz.*												
Canada	2,257	2,943	2,957	2,943	2,430	2,651	883	1,443	1,775	3,960	4,820	5,694	5,392
Hong Kong	1,786	1,377	1,299	750	542	562	395	561	407	680	947	1,148	1,533
Mexico	1,405	1,245	1,297	1,182	979	909	700	630	40	402	529	459	620
Caribbean	819	1,102	1,002	860	786	807	890	762	928	933	787	1,028	843
Other	1,606	1,169	1,365	1,106	876	1,107	1,414	928	706	2,629	1,703	2,389	2,829
Total	7,874	7,836	7,920	6,842	5,613	6,036	4,282	4,324	3,855	8,603	8,787	10,718	11,218

Sources: Economic Research Service, USDA and Census Bureau, U.S. Department of Commerce.

For further information: Dale Leuck (202) 694-5186 or Mildred Haley (202) 694-5176.

U.S. dairy situation at a glance 1/

	Unit	2001	2002	2003	Jun-03	Jul-03	Aug-03	Sep-03
Milk production:								
Production (20 States)	Mil. lb.	142,992	146,981	147,856	12,428	12,421	12,207	11,731
Milk cows (20 States)	Thou.	7,746	7,785	7,775	7,785	7,780	7,771	7,764
Milk per cow (20 States)	Lb.	18,460	18,881	19,017	1,596	1,597	1,571	1,511
Production (U.S. est.)	Mil. lb.	165,332	170,063	170,312	14,323	14,266	14,016	13,464
Milk prices:								
All milk	Dol./cwt	15.05	12.11	12.53	11.10	12.10	13.30	14.50
Milk eligible for fluid use	Dol./cwt	15.09	12.11	12.55	11.10	12.10	13.30	14.50
Manufacturing grade milk	Dol./cwt	13.44	10.93	11.80	10.20	11.80	13.20	14.10
Class III (cheese milk) 3.5% fat	Dol./cwt	13.10	10.42	11.42	9.75	11.78	13.80	14.30
Class IV (butter-powder milk) 3.5% fat	Dol./cwt	13.76	10.81	10.00	9.76	9.95	10.14	10.05
Slaughter cow price, South St. Paul	Dol./cwt	44.78	40.09	46.88	45.75	48.88	50.00	50.09
Chicago Mercantile Exchange prices:								
Butter	Dol./lb.	1.6630	1.1059	1.1450	1.1142	1.1985	1.1708	1.1731
American cheese, 40-pound blocks	Dol./lb.	1.4387	1.1822	1.3172	1.1864	1.5123	1.6000	1.6000
American cheese, barrels	Dol./lb.	1.4052	1.1438	1.2703	1.1562	1.4668	1.5736	1.5640
Wholesale price:								
Nonfat dry milk, Central States	Dol./lb.	1.0083	0.9308	0.8439	0.8338	0.8419	0.8480	0.8500
Retail prices:								
Consumer Price Index	1982-84=100	177.1	179.9	184.0	183.7	183.9	184.6	185.2
All food	1982-84=100	173.1	176.2	180.0	179.6	179.7	180.4	180.7
Dairy products	1982-84=100	167.1	168.1	167.9	163.9	164.7	167.5	170.3
Fluid milk	Dec 1997=100	112.7	110.6	111.5	108.0	108.3	109.8	115.3
Other dairy products	Dec 1997=100	112.5	114.5	115.0	113.1	115.2	116.0	115.6
Dairy product output:								
Butter	Mil. lb.	1,231.8	1,355.1	1,242.4	84.2	80.1	70.9	73.3
American cheese	Mil. lb.	3,544.2	3,691.0	3,669.5	305.0	306.7	299.1	292.2
Other-than-American cheese	Mil. lb.	4,716.4	4,856.3	4,928.5	407.3	411.6	401.0	416.5
Frozen products 2/	Mil. gal.	1,300.3	1,264.5	1,292.5	127.2	128.3	115.4	106.0
All products (m.e.-fat)	Mil. lb.	103,969	108,558	107,099	8,887	8,944	8,438	8,300
Nonfat dry milk	Mil. lb.	1,413.8	1,595.9	1,589.0	140.0	127.9	107.1	96.8
Beginning stocks:								
Commercial butter	Mil. lb.	24.0	55.5	157.3	289.0	290.6	272.7	244.3
Commercial American cheese	Mil. lb.	521.1	448.3	493.1	536.0	546.2	546.3	537.8
Other cheese	Mil. lb.	185.2	210.9	236.8	252.5	250.1	256.5	247.6
Manufacturers' nonfat dry milk	Mil. lb.	146.3	124.5	98.9	127.4	120.0	85.8	71.3
All commercial (m.e.-fat)	Mil. lb.	6,839	7,041	9,891	13,303	13,441	13,113	12,352
All commercial (m.e.-skim)	Mil. lb.	8,801	8,085	8,531	9,480	9,499	9,185	8,853
All Government (m.e.-fat)	Mil. lb.	139	218	268	618	726	734	733
All Government (m.e.-skim)	Mil. lb.	6,028	9,070	12,212	13,877	14,354	14,403	13,903
Commercial disappearance:								
Butter	Mil. lb.	1,275.4	1,288.1	1,309.2	81.3	97.7	99.6	119.9
American cheese	Mil. lb.	3,681.7	3,714.5	3,707.6	293.5	309.3	314.2	327.2
Other-than-American cheese	Mil. lb.	5,058.9	5,218.6	5,340.9	438.6	448.4	440.4	451.7
Nonfat dry milk	Mil. lb.	946.4	822.0	896.4	81.9	105.8	88.3	71.9
All products:								
m.e.-fat	Mil. lb.	169,492	170,871	174,633	14,310	14,881	14,998	15,043
Milkfat	Mil. lb.	6,227	5,990	6,398	510	526	531	543
Skim solids	Mil. lb.	14,177	14,183	14,379	1,187	1,221	1,215	1,187
USDA net removals:								
Butter	Mil. lb.	0.0	0.0	29.1	3.6	2.6	1.6	2.5
Cheese	Mil. lb.	3.9	15.8	41.3	4.4	0.5	0.3	0.3
Nonfat dry milk	Mil. lb.	495.9	821.8	677.4	63.2	55.8	33.0	31.0
All products (m.e.-fat)	Mil. lb.	145	327	1,163	133	73	46	64
All products (m.e.-skim)	Mil. lb.	5,810	9,722	8,297	780	655	387	364
Imports:								
All products (m.e.-fat)	Mil. lb.	5,716	5,103	5,040	349	455	362	382
All products (m.e.-skim)	Mil. lb.	4,686	5,103	4,980	330	477	379	399
International market prices:								
Butter	$/metric ton	1,391	1,158	1,416	1,333	1,448	1,475	1,575
Nonfat dry milk	$/metric ton	2,019	1,348	1,744	1,713	1,708	1,717	1,759

1/ Some data series different than formerly published due to changes in availability.

2/ Hard ice cream, ice milk, and sherbet.

m.e.-fat (skim) = Milk equivalent, fat (skim solids)basis NA=Not available

Sources: USDA (AMS, ERS, FAS, FSA, NASS), Department of Labor (BLS), Department of Commerce (Bureau of Census), and ERS calculations.
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Published in Livestock, Dairy, and Poultry Outlook, http://www.ers.usda.gov/publications/ldp

U.S. dairy situation at a glance (continued)

Oct-03	Nov-03	Dec-03	Jan-04	Feb-04	Mar-04	Apr-04	May-04	Jun-04	Jul-04	Aug-04
12,083	11,709	12,313	12,491	11,787	12,798	12,588	13,007	12,410	12,541	12,387
7,743	7,721	7,713	7,716	7,716	7,717	7,721	7,722	7,742	7,759	7,766
1,561	1,517	1,596	1,619	1,528	1,658	1,630	1,684	1,603	1,616	1,595
13,904	13,469	14,159	14,391	13,575	14,735	14,480	14,957	14,266	14,344	14,162
15.00	14.40	13.80	13.20	13.60	15.40	18.20	19.40	18.20	16.00	15.00
15.00	14.40	13.80	13.20	13.60	15.40	18.20	19.40	18.30	16.00	15.10
14.60	13.80	12.70	12.30	12.80	15.20	19.40	19.20	16.90	14.30	13.90
14.39	13.47	11.87	11.61	11.89	14.49	19.66	20.58	17.68	14.85	14.04
10.16	10.30	10.52	10.97	12.21	14.10	14.57	14.50	13.72	13.31	12.46
51.35	52.69	53.43	49.09	49.83	49.30	53.19	55.75	57.70	59.94	58.60
1.1846	1.2057	1.2969	1.4320	1.7132	2.1350	2.2204	2.0363	1.9300	1.7458	1.5408
1.5876	1.3932	1.3383	1.3062	1.3958	1.8197	2.1687	1.9925	1.7105	1.4486	1.5734
1.5364	1.2949	1.2621	1.2539	1.3586	1.7977	2.1318	1.8848	1.6848	1.4226	1.5427
0.8523	0.8500	0.8477	0.8366	0.8413	0.8518	0.8808	0.9050	0.9188	0.9188	0.8814
185.0	184.5	184.3	185.2	186.2	187.4	188.0	189.1	189.7	189.4	189.5
181.7	182.4	183.6	183.8	184.1	184.4	184.5	186.1	186.3	186.8	186.8
171.8	171.2	173.0	172.4	172.1	171.9	174.0	185.9	188.8	187.7	184.9
117.2	117.3	117.5	116.7	115.8	114.6	116.9	133.5	137.4	135.2	129.2
115.8	116.0	116.7	116.1	118.3	117.0	118.3	120.5	122.3	122.5	122.0
96.8	88.4	114.6	131.9	105.8	96.7	96.5	106.6	97.0	91.5	NA
305.1	291.1	321.2	321.4	297.2	324.2	322.4	331.9	311.4	303.3	NA
434.9	419.0	437.7	414.5	407.0	455.4	434.4	416.4	405.9	404.3	NA
100.9	84.0	81.8	88.8	96.6	121.0	121.5	118.9	135.2	125.8	NA
8,778	8,093	8,932	9,261	8,572	9,287	9,235	9,543	9,318	8,985	NA
106.9	110.9	141.7	120.5	115.8	118.0	134.1	151.1	143.8	134.4	NA
197.0	159.1	113.8	93.4	151.2	156.9	157.5	155.3	178.5	187.0	193.4
508.0	481.6	460.3	481.8	508.5	523.6	511.2	518.8	551.2	581.6	608.8
245.3	231.3	228.3	233.0	238.8	233.5	238.7	241.3	245.7	251.5	253.7
63.4	70.0	87.2	103.9	108.8	95.2	79.9	103.6	126.2	145.9	147.7
11,000	9,787	8,542	8,331	9,895	10,122	10,064	10,113	10,966	11,508	11,944
8,404	8,036	7,947	8,394	8,794	8,740	8,499	8,877	9,520	10,135	10,478
717	718	604	582	468	443	408	385	342	313	272
13,512	12,590	11,561	10,405	10,011	9,574	9,101	8,645	8,015	7,499	7,066
135.7	135.8	140.3	82.2	102.3	101.8	106.0	94.5	95.2	88.6	NA
337.3	317.3	300.6	297.9	283.8	344.9	322.2	307.9	289.8	277.8	NA
488.7	465.2	478.9	430.1	436.0	480.9	469.3	448.1	435.4	434.2	NA
95.5	85.6	66.2	58.9	91.9	181.1	113.7	124.1	107.7	125.0	NA
15,455	15,077	14,781	13,256	13,545	15,165	14,942	14,642	14,164	14,181	NA
572	564	559	501	506	561	544	523	504	500	NA
1,263	1,212	1,167	1,184	1,160	1,376	1,266	1,273	1,195	1,209	NA
1.3	0.7	-2.0	-5.7	0.0	-0.5	-0.2	-0.1	-0.1	0.0	-0.1
0.2	0.0	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7
11.2	7.4	55.2	60.5	37.5	-47.8	-3.3	4.4	16.8	7.7	26.5
32	17	-25	-103	15	-14	3	6	9	9	11
132	86	650	711	443	-549	-31	59	203	97	316
465	471	480	415	295	447	600	633	535	371	NA
474	500	500	288	286	400	515	468	468	360	NA
1,633	1,630	1,595	1,606	1,579	1,655	1,725	1,819	1,935	2,039	2,080
1,803	1,818	1,842	1,788	1,782	1,856	1,875	1,994	2,118	2,175	2,161

Commercial disappearance: Milk in all products, 2004

Item	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Total
Supply:													
Production	14,391	13,575	14,735	14,480	14,957	14,266	14,344	14,162					
Farm use	89	83	89	86	89	86	89	89					
Marketings	14,302	13,492	14,646	14,394	14,868	14,180	14,255	14,073					
Beginning commercial stocks	8,331	9,895	10,122	10,064	10,113	10,966	11,508	11,944					
Imports	415	295	447	600	633	535	371						
Total supply	23,048	23,682	25,215	25,058	25,614	25,681	26,134						
Utilization:													
Ending commercial stocks	9,895	10,122	10,064	10,113	10,966	11,508	11,944						
USDA net removals	(103)	15	(14)	3	6	9	9	11					
Commercial disappearance	13,256	13,545	15,165	14,942	14,642	14,164	14,181						
Percent change		[2.5]											
from a year ago	-2.6	6.2	0.6	4.3	2.2	-1.0	-4.7						
Cumulative disappearance	13,256	26,801	41,966	56,908	71,550	85,714	99,895						

Item	First quarter	Second quarter	Third quarter	Fourth quarter
	41,966	43,748		
Percent change	[0.1]			
from a year ago	1.3	1.8		

Percentages in brackets adjusted for leap year.

Sources: NASS, ERS, FAS, FSA, Bureau of Census, and ERS calculations.
For further information, contact: Jim Miller 202 694 5184, jjmiller@ers.usda.gov
Published in Livestock, Dairy, and Poultry Outlook, http://www.ers.usda.gov/publications/ldp

Commercial disappearance: Milkfat, 2004

Item	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Total
						Million pounds							
Supply:													
Production	543	509	545	529	537	508	508						
Farm use	3	3	3	3	3	3	3						
Marketings	539	506	542	525	534	505	505						
Beginning commercial stocks	306	363	372	369	371	403	422						
Imports	15	10	15	21	22	19	13						
Total supply	860	879	929	915	927	927	940						
Utilization:													
Ending commercial stocks	363	372	369	371	403	422	439						
USDA net removals	(4)	1	(1)	0	1	1	1						
Commercial disappearance	501	506	561	544	523	504	500						
Percent change		[2.5]											
from a year ago	-2.2	6.2	0.2	3.5	1.0	-1.2	-5.0						
Cumulative disappearance	501	1,007	1,568	2,112	2,635	3,139	3,639						
	First quarter			Second quarter			Third quarter			Fourth quarter			
		1,568			1,571								
Percent change		[0.1]											
from a year ago		1.2			1.1								

Commercial disappearance: Skim solids, 2004

Item	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Total
							Million pounds						
Supply:													
Production	1,262	1,176	1,282	1,260	1,301	1,232	1,224						
Farm use	8	7	8	7	8	7	8						
Marketings	1,254	1,169	1,274	1,252	1,293	1,224	1,216						
Beginning commercial stocks	721	755	751	730	763	818	870						
Imports	25	25	34	44	40	40	31						
Total supply	2,000	1,949	2,059	2,026	2,096	2,082	2,117						
Utilization:													
Ending commercial stocks	755	751	730	763	818	870	900						
USDA net removals	61	38	(47)	(3)	5	17	8						
Commercial disappearance	1,184	1,160	1,376	1,266	1,273	1,195	1,209						
Percent change		[3.5]											
from a year ago	0.1	7.2	10.1	7.8	3.1	0.7	-1.0						
Cumulative disappearance	1,184	2,344	3,720	4,986	6,259	7,455	8,663						

	First quarter	Second quarter	Third quarter	Fourth quarter
	3,720	3,734		
Percent change	[4.7]			
from a year ago	5.9	3.8		

Commercial disappearance: Butter, 2004

Item	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Total
Supply:													
Production	131.9	105.8	96.7	96.5	106.6	97.0	91.5						
Beginning commercial stocks	93.4	151.2	156.9	157.5	155.3	178.5	187.0	193.4					
Imports	2.5	2.2	5.2	7.1	11.0	6.6	3.5						
Total supply	227.8	259.2	258.8	261.1	272.9	282.1	282.0						
Utilization:													
Ending commercial stocks	151.2	156.9	157.5	155.3	178.5	187.0	193.4	162.9					
USDA net removals	-5.6	0.0	-0.5	-0.2	-0.1	-0.1	0.0	-0.1					
Commercial disappearance	82.2	102.3	101.8	106.0	94.5	95.2	88.6						
Percent change		[5.3]											
from a year ago	-15.0	9.1	-14.7	0.0	13.9	17.1	-9.3						
Cumulative disappearance	82.2	184.5	286.3	392.3	486.8	582.0	670.6						
	First quarter			Second quarter			Third quarter			Fourth quarter			
		286.3			295.7								
Percent change		[-8.8]											
from a year ago		-7.6			9.4								

Percentages in brackets adjusted for leap year.

Sources: NASS, ERS, FAS, FSA, Bureau of Census, and ERS calculations.
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Published in Livestock, Dairy, and Poultry Outlook, http://www.ers.usda.gov/publications/ldp

Commercial disappearance: Nonfat dry milk, 2004

Item	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Total
						Million pounds							
Supply:													
Production	120.5	115.8	118.0	134.1	151.1	143.8	134.4						
Beginning commercial stocks	107.7	108.8	95.2	79.9	103.6	126.2	145.9	147.7					
Imports	0.0	0.0	0.0	0.0	0.0	0.4	0.1						
Total supply	228.2	224.6	213.2	214.0	254.7	270.4	280.4						
Utilization:													
Ending commercial stocks	108.8	95.2	79.9	103.6	126.2	145.9	147.7						
USDA net removals	60.5	37.5	-47.8	-3.3	4.4	16.8	7.7	28.5					
Commercial disappearance	58.9	91.9	181.1	113.7	124.1	107.7	125.0						
Percent change		[87.6]											
from a year ago	24.3	94.3	169.5	116.6	43.0	31.5	18.1						
Cumulative disappearance	58.9	150.8	331.9	445.6	569.7	677.4	802.4						
		First quarter			Second quarter			Third quarter			Fourth quarter		
		331.9			345.5								
Percent change		[103.0]											
from a year ago		105.0			56.2								

Commercial disappearance: American cheese, 2004

Item	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Total
						Million pounds							
Supply:													
Production	321.4	297.2	324.2	322.4	331.9	311.4	303.3						
Beginning commercial stocks	481.8	508.5	523.6	511.2	518.8	551.2	581.6	608.8					
Imports	3.9	2.4	9.0	8.1	9.1	9.5	2.4						
Total supply	807.1	808.1	856.8	841.7	859.8	872.1	887.3						
Utilization:													
Ending commercial stocks	508.5	523.6	511.2	518.8	551.2	581.6	608.8	565.7					
USDA net removals	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7					
Commercial disappearance	297.9	283.8	344.9	322.2	307.9	289.8	277.8						
Percent change		[1.9]											
from a year ago	-1.4	5.5	6.4	6.9	-1.2	-1.3	-10.2						
Cumulative disappearance	297.9	581.7	926.6	1,248.8	1,556.7	1,846.5	2,124.3						

	First quarter	Second quarter	Third quarter	Fourth quarter
	926.6	919.9		
Percent change	[2.4]			
from a year ago	3.5	1.5		

Percentages in brackets adjusted for leap year.

Sources: NASS, ERS, FAS, FSA, Bureau of Census, and ERS calculations.
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Commercial disappearance: Other-than-American cheese, 2004

Item	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Total
						Million pounds							
Supply:													
Production	414.5	407.0	455.4	434.4	416.4	405.9	404.3						
Beginning commercial stocks	233.0	238.8	233.5	238.7	241.3	245.7	251.4	253.7					
Imports	21.4	23.7	30.7	37.5	36.1	35.2	32.2						
Total supply	668.9	669.5	719.6	710.6	693.8	686.8	687.9						
Utilization:													
Ending commercial stocks	238.8	233.5	238.7	241.3	245.7	251.4	253.7	246.3					
USDA net removals													
Commercial disappearance	430.1	436.0	480.9	469.3	448.1	435.4	434.2						
Percent change	[	4.2]											
from a year ago	5.1	7.9	10.5	7.3	1.1	-0.7	-3.2						
Cumulative disappearance	430.1	866.1	1347.0	1816.3	2264.4	2699.8	3134.0						

	First quarter	Second quarter	Third quarter	Fourth quarter
	1347.0	1352.8		
Percent change	[6.7]			
from a year ago	7.9	2.6		

Percentages in brackets adjusted for leap year.

Broiler, turkey, and egg feed costs and market prices

	DECATUR SOYBEAN MEAL	CHICAGO No. 2 CORN	Feed costs Liveweight Basis	Market Price	Market Price - Feed costs
BROILERS	$ / ton	$ / bushel	1998-2000=100	1998-2000=100	1998-2000=100
July-2003	187.30	2.26	112.2	119.9	122.7
Aug-2003	189.70	2.31	110.7	126.2	131.7
Sept-2003	235.20	2.34	106.2	126.3	133.4
Oct-2003	225.20	2.27	107.4	120.7	125.4
Nov-2003	242.00	2.35	115.8	121.8	123.8
Dec-2003	231.54	2.49	113.0	123.6	127.4
Jan-2004	252.15	2.64	117.2	129.8	134.3
Feb-2004	265.88	2.82	117.6	139.5	147.3
Mar-2004	301.14	3.02	123.7	146.0	153.9
Apr-2004	311.83	3.17	129.0	148.6	155.5
May-2004	307.13	3.05	138.4	153.9	159.4
June-2004	311.50	2.92	142.7	155.3	159.8
July-2004	293.63	2.43	140.0	151.9	156.1
Aug-2004	206.70	2.37	138.6	139.6	140.0
TURKEYS	$ / ton	$ / bushel	1998-2000=100	1998-2000=100	1998-2000=100
July-2003	187.30	2.26	110.2	86.9	76.3
Aug-2003	189.70	2.31	114.4	86.6	74.0
Sept-2003	235.20	2.34	112.6	91.6	82.1
Oct-2003	225.20	2.27	107.1	97.6	93.3
Nov-2003	242.00	2.35	108.6	100.8	97.2
Dec-2003	231.54	2.49	119.7	95.8	84.9
Jan-2004	252.15	2.64	116.1	90.8	79.4
Feb-2004	265.88	2.82	121.5	90.9	77.0
Mar-2004	301.14	3.02	121.8	93.8	81.0
Apr-2004	311.83	3.17	129.5	97.5	83.0
May-2004	307.13	3.05	136.1	100.8	84.7
June-2004	311.50	2.92	148.1	104.2	84.2
July-2004	293.63	2.43	153.5	107.0	85.8
Aug-2004	206.70	2.37	150.1	110.2	92.0
EGGS	$ / ton	$ / bushel	1998-2000=100	1998-2000=100	1998-2000=100
July-2003	187.30	2.26	113.9	97.0	88.2
Aug-2003	189.70	2.31	107.5	115.8	120.1
Sept-2003	235.20	2.34	109.2	116.1	119.7
Oct-2003	225.20	2.27	117.2	124.2	127.9
Nov-2003	242.00	2.35	113.9	151.7	171.4
Dec-2003	231.54	2.49	118.6	145.3	159.3
Jan-2004	252.15	2.64	120.3	142.5	154.1
Feb-2004	265.88	2.82	127.3	139.7	146.1
Mar-2004	301.14	3.02	133.9	155.3	166.5
Apr-2004	311.83	3.17	144.5	113.2	96.8
May-2004	307.13	3.05	149.9	89.5	57.9
June-2004	311.50	2.92	146.2	94.1	66.8
July-2004	293.63	2.43	143.7	85.6	55.3
Aug-2004	206.70	2.37	128.8	79.8	54.2

NOTE - These statistical series were developed to show changes in poultry feed costs and and market prices for broilers products, whole turkeys, large cartoned eggs.

Sources: Corn and soybean prices - AMS Grain and Feed Weekly Summary.
Broilers, wholesale composite price - ERS.
Turkeys, 3-region wholesale whole bird price - ERS.
Eggs, 1 dozen Grade A large combined regional price - ERS.