

Livestock

Changes in the U.S. meat complex in the near term reflect the continuing low grain and soybean meal prices after the sharp decline from the very high levels of the 1995/96 crop year. Both the poultry and pork sectors expanded in response to higher meat prices and lower feed costs. Expanded pork production began to pressure hog and pork prices in late 1997 and, despite lower grain prices, producer returns above cash costs are forecast to remain negative through 1999. Lower pork production in 2000 is expected to bring positive returns. The cattle inventory is expected to continue to decline over the next several years, reflecting producers' response to drought, poor returns, and the longer biological lags inherent in beef production.

Over much of the baseline, moderate feed prices and replenishment of forage supplies should provide favorable production costs in the meat sector. Continued low inflation, domestic demand strength from steady income growth, and gains in export sales are expected to contribute to producer returns that encourage higher pork and poultry output. However, as feed costs increase beyond 2000, beef and poultry production gains slow, especially near the end of the baseline. Pork production declines in 2000 and 2001 due to low hog prices in 1998 and 1999, but expands for the rest of the baseline.

Decreases in real prices of meats combined with increases in real disposable income allow consumers to purchase more total meat with a smaller proportion of disposable income, continuing a long-term trend. Consumption gains exceed population growth, with per capita meat consumption reaching about 223 pounds (retail weight) by 2009, 1.6 pounds more than in 1999. The meats will vie for domestic market share through product development, advertising, and promotion. Poultry gains a larger proportion of both total meat consumption and total meat expenditures. On a retail weight basis, total poultry consumption is projected to exceed total red meat consumption by the end of the baseline.

Total egg production expands slightly in the baseline in part to support larger broiler production. Per capita consumption of shell eggs declines slowly, but increasing use in processed foods results in moderate growth in total egg use per person. Real egg prices continue to fall.

High milk-feed price ratios and dairy productivity gains push milk output per cow higher and real costs lower. Milk production grows despite slowly declining cow numbers throughout the period. Sales of cheese and dairy ingredients for processed foods lead expansion in commercial use of dairy products, while fluid milk sales are stagnant.

Beef

Lower feeder cattle prices due to record grain prices in 1995/96 were compounded by poor forage supplies in 1996 through 1999. Large beef cow slaughter in 1996-1998 reflected adjustments to low cow-calf returns during this period and, combined with the length of the biological lag, is likely to prevent beef cow herd expansion before 2002. Returns above cash costs per cow were near break-even in 1997 but were under drought-induced pressure since then and more heifers were placed in feedlots rather than retained for calving. Increased returns in

1999-2000 encourage only a moderate expansion in the next cattle cycle. The cattle herd builds from a cyclical low of about 95 million head in 2002, reaching 96.3 million head at the peak in 2004. Shifts toward higher-grading, larger-framed cattle that result in heavier slaughter weights partly offset the need for expanding cattle inventories to previous levels.

Drawing from a smaller inventory, beef production declines through 2001 as heifers are retained for the breeding herd, with output increasing only gradually through the rest of the baseline. Coupled with larger exports and declining imports after 2001, per capita beef consumption in 2009 is down about 12 pounds, retail weight, from the cyclical peak in 1999. The beef production mix continues to shift toward a larger proportion of fed beef as nearly all steers and heifers are fed in feedlots. Calf slaughter will continue at relatively low levels as most are placed on feed.

Feeder cattle will remain on grass longer and will be marketed at heavier weights. Cattle will remain in feedlots for 120 to 140 days to grade Select or low-Choice, with dressed slaughter weights growing slowly during the baseline. Heavier placement weights coupled with fewer days on feed required to reach grade will hold down feed grain use and feed fed per pound of fed beef produced. The strongest prices will be received for cattle that grade Choice or higher for the growing export and domestic hotel-restaurant markets. The price spread between Choice and Select beef is likely to remain wide.

Adequate land resources will remain available to the cattle and crop sectors into the next decade. In addition, the 1996 Farm Act further expands the forage base by allowing haying and grazing at any time on land enrolled in production flexibility contracts. Conservation Reserve Program acreage will remain over 30 million acres. Grazing and haying on CRP acreage will continue to be allowed under restricted conditions during emergencies such as drought and floods. This increased availability of forage for the reduced cattle sector, combined with a shift toward cow-calf-yearling operations, allows flexibility in the use of forage and the marketing of feeder cattle. In the event of poor forage conditions, for example, feeder cattle can be marketed early, allowing the cow herd to be maintained.

Veal production falls through 2009. A larger share of veal production will come from higher valued formula-fed calves marketed at heavier weights. Declining dairy cow numbers reduce the supply of dairy calves. High stocker and feeder cattle prices will encourage more of these dairy calves to move into feedlot channels rather than being slaughtered as young calves.

The United States becomes a net beef exporter near the end of the baseline. Adjustments in world beef trade will continue as market access is opened under the UR agreement. Beef exports will rise from about 9 percent to 12 percent of production. The United States remains the primary source of high-quality fed beef for export, including exports for the hotel-restaurant trade. High-quality beef exports continue to increase through the baseline, primarily to Pacific Rim nations. Australia and New Zealand will also increase exports to Pacific Rim nations, although their beef will be mostly lower quality, grass-fed beef. However, the United States will remain an important market for Oceania, especially while the beef cow inventory remains low.

U.S. emphasis on fed beef production and the smaller cattle inventory will result in relatively high beef imports of processing beef. Most processing beef will be used in higher valued hamburger as large supplies of low priced, processing-quality poultry and pork are used in lower valued manufactured products.

Pork

The pork sector will continue to transform into a more vertically coordinated industry with a mix of production and marketing contracts. Increasing productivity of the breeding herd continues to reduce costs. Larger, more efficient pork producers will market a greater percentage of the hogs over the next 10 years. These larger operations are able to spread fixed costs across more animals and purchase feed in large quantities, resulting in greater economic efficiency. In addition, the larger operations offer packers a reliable supply of hogs at consistent weights and high quality, leading to more market coordination. Increased producer/packer coordination results in fewer sales at public markets. Breeding inventories are low relative to pork production and will likely fall further as the number of pigs per litter increases and production efficiencies continue to improve.

Pork production falls to under 19 billion pounds in 2000 and 2001 as producers adjust to unfavorable returns in 1998 and early 1999. Expansion begins in 2002 and continues for the remainder of the baseline, reaching 20.6 billion pounds by 2009. The lack of any supply or demand shocks in the baseline, combined with the more vertically coordinated industry structure, dampens the hog cycle. Pork production growth remains slow as higher grain prices and competition from beef and poultry moderate returns throughout the baseline.

Per capita pork consumption on a retail basis remains in a range of 50 to 52 pounds per person during 2000-2009. Nominal hog prices slowly rise after 2003 to about \$40 per hundredweight at the end of the baseline.

The United States becomes an increasingly important net pork exporter, although projected gains are somewhat muted by reduced growth prospects for exports to Russia. Nonetheless, exports will continue to expand while pork imports remain steady. Longer term gains in pork exports reflect in part environmental constraints in a number of competitor countries that limit their production growth. The major long-term growth markets for U.S. pork exports will remain Pacific Rim nations, Mexico, and Russia. Yearly trade variations will depend upon major foreign suppliers such as Canada and Denmark, as well as exchange rate fluctuations.

Poultry and Eggs

Poultry production expands as broiler meat gains an increasing share of total meat consumption. Poultry meat will be less expensive than other meats so consumers can purchase more poultry meat per dollar. Poultry firms will continue aggressive market development and promote poultry's image of providing lean, convenient products. Further processed products including those seasoned, marinated, and packaged with other food products for easy meal preparation are continuing trends. Production gains for turkeys reflect projected growth in the further-processed market and exports.

Poultry production gains rebounded in 1999 from a slowdown in 1997-1998 caused by high feed costs in 1995/96, hatching egg shortages for broilers, and low profitability for turkey producers. Increases in chicken production slow after 2001 to a more sustainable long-term growth near 2 percent annually. Poultry meat prices in the baseline decline in real terms.

The broiler and turkey industries have kept the cost of production from increasing at the full rate of inflation through technological advancements and improved production management practices, including taking advantage of economies of size through increasing horizontal and vertical integration. While some further technological improvement and continued vertical integration occur during the baseline, these factors will not affect production costs as significantly as in the past 10 years.

Turkey production will expand slowly, with per capita consumption at about 17.5 to 18 pounds (retail weight). Low returns in recent years slowed product development and larger pork production will provide more competition in the marketplace later in the baseline.

Continued competition in world poultry meat markets holds U.S. poultry exports to moderate gains. No growth in export volume from 1997 through 2000 for broilers reflects slower growth in sales to Asia and the sharp reduction in exports to Russia. Asian imports are projected to expand through the rest of the baseline, despite the short-term setbacks in some markets in 1997-1999 due to the financial crisis. Russian imports, however, are projected to have only a slow and gradual recovery. Increases are also expected in exports of broiler parts (especially dark meat) to other markets, including Mexico, Central America, and the Caribbean. U.S. turkey exports were reduced in 1998 because of declines in sales to Hong Kong, Korea, and Japan. Russia's turkey imports also fell in late-1998 and again in 1999. Slow growth in U.S. turkey exports is expected starting in 2000 as sales to Hong Kong and Korea recover.

Table egg producers expand production slowly through the baseline in response to lower industry net returns. A larger expansion in total U.S. egg production reflects increased broiler hatching egg production to accommodate broiler sector expansion.

Shell egg consumption per person falls more slowly than the long-term historical trend of 1 to 3 eggs a year. Per capita consumption of total eggs grows slowly throughout the baseline from 255 eggs in 1999 to 263 eggs in 2009. Processed egg products are an increasing part of the egg market as ingredients in many prepared foods, so as consumers opt for more convenience foods, consumption of egg products will continue to increase.

Wholesale egg prices trend upward after 2000, with increases near the inflation rate. A competitive market with little product differentiation will result in supplies that keep prices near the cost of production.

U.S. egg exports grow slowly over the baseline, as many countries will likely continue to experience surpluses of eggs. World import demand will remain relatively static, as domestic production will generally meet increased domestic demands in most countries.

Dairy

Relatively high milk prices and strong returns during most of the 1996-99 period unleashed a milk production expansion that is expected to depress milk prices during the current and next marketing years. Stronger producers have accelerated their individual expansion plans, while weaker farmers have been able to delay their exit from dairying. Although dairy demand is expected to remain strong, the gains in output are expected to result in substantial declines in milk prices in the near term.

Lower milk prices are expected to renew income pressures on weaker producers and to build momentum in commercial use of dairy products. Milk prices are projected to recover during 2001/02 and 2002/03 as these supply-demand corrections occur.

In the longer run, demand is expected to grow at about the same, or slightly faster, rate than population. Demand for cheese is projected to continue to rise more than population, as is use of milk solids in processed foods. On the other hand, per-person sales of fluid milk and many perishable manufactured products are expected to decline slowly.

Better management, greater genetic potential, and inexpensive concentrate feeds will result in continued strong growth in milk per cow. However, the trend may not quite match the rate that similar milk-feed price ratios would have generated in the past. Producers today do not have as much flexibility to boost milk per cow with heavier grain feeding because of past increases in the starch content of rations and changes in feeding practices. In addition, differences between the milk per cow levels of expanding and exiting producers may be narrower than in the past.

Milk cow numbers are projected to decline slowly, as traditional farms continue to be replaced with larger farms based on highly specialized labor. Growth in the West may be somewhat slower than in the past because of more limiting forage supplies, fewer new areas for dairy development, and environmental constraints. Even so, new western farms will be established and most existing operations will expand. The number of "new style" northern farms, similar in most ways to western farms, will increase substantially through both construction of totally new operations and dramatic expansion of existing farms. Some of this development will be in areas that have not had much local dairying in recent decades. Many existing northern farms probably will not generate enough family income to be viable and will exit dairying, resulting in land taken out of agriculture entirely in some marginal areas. Losses in milk cow numbers also may be substantial in the South, as productivity gains might be insufficient to meet the competition of milk shipped from the North.

International dairy markets are not expected to have major impacts on domestic markets under current WTO rules. International market prices are projected to rise slowly once the current demand weakness in some key economies begins to ease. However, domestic prices are expected to run between those needed to be a major exporter of most products and those that would allow large imports beyond the tariff-rate quotas. Subsidized exports will be held to small amounts. Although exports of whey products will grow and niche markets for cheese will continue to develop, commercial exports likely will be a minor component of demand for U.S. dairy products in most years.

Following some recovery during 2001/02 and 2002/03, farm-level milk prices are projected to rise slightly slower than prices generally from 2003/04 through the end of the baseline.

Although shifts in supply are not expected to be as strong as during the 1980s and early-1990s, they probably will tend to outpace increases in demand, underlying the moderate decline in real (inflation-adjusted) prices for milk. In addition, the price volatility that has characterized recent years may well continue, in part because of increasing concentration of buyers and sellers at all levels.

Table 23. Per capita meat consumption, retail and boneless weight

Item	Units	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Retail weight:													
Total beef	Pounds	68.1	68.8	65.3	61.9	61.0	61.0	60.6	59.7	59.0	58.2	57.8	57.1
Total veal	Pounds	0.8	0.8	0.7	0.7	0.7	0.7	0.7	0.6	0.6	0.6	0.6	0.5
Total pork	Pounds	52.6	53.9	51.6	50.4	51.1	51.7	51.7	51.6	51.5	51.4	51.4	51.0
Lamb and mutton	Pounds	1.1	1.0	1.0	0.9	0.9	0.9	0.9	0.9	0.9	0.8	0.8	0.8
Total red meat	Pounds	122.5	124.5	118.6	113.9	113.8	114.2	113.8	112.8	112.0	111.1	110.5	109.5
Broilers	Pounds	73.4	78.2	82.9	86.6	86.8	87.5	88.3	89.5	90.8	92.3	93.9	95.4
Other chicken	Pounds	0.4	0.5	0.3	0.4	0.4	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Turkeys	Pounds	17.9	18.0	17.8	17.5	18.0	17.9	17.7	17.7	17.7	17.7	17.7	17.6
Total poultry	Pounds	91.7	96.7	101.0	104.6	105.2	105.7	106.3	107.5	108.8	110.3	111.8	113.3
Red meat & poultry	Pounds	214.3	221.2	219.6	218.4	219.0	219.9	220.1	220.3	220.8	221.3	222.4	222.8
Boneless weight:													
Total beef	Pounds	64.5	65.2	61.9	58.6	57.8	57.7	57.3	56.6	55.9	55.2	54.7	54.1
Total veal	Pounds	0.7	0.6	0.6	0.6	0.6	0.6	0.5	0.5	0.5	0.5	0.5	0.4
Total pork	Pounds	49.4	50.7	48.5	47.3	48.0	48.5	48.6	48.5	48.4	48.3	48.3	47.9
Lamb & mutton	Pounds	0.8	0.7	0.7	0.7	0.7	0.7	0.7	0.6	0.6	0.6	0.6	0.6
Total red meat	Pounds	115.3	117.2	111.7	107.2	107.1	107.5	107.1	106.2	105.4	104.5	104.1	103.0
Broilers	Pounds	52.0	55.4	58.7	61.3	61.4	61.9	62.5	63.3	64.3	65.3	66.4	67.5
Other chicken	Pounds	0.2	0.3	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Turkeys	Pounds	14.1	14.2	14.0	13.8	14.2	14.1	14.0	14.0	14.0	14.0	14.0	13.9
Total poultry	Pounds	66.4	69.9	72.9	75.4	75.9	76.3	76.7	77.5	78.5	79.5	80.6	81.6
Red meat and poultry	Pounds	181.7	187.1	184.6	182.6	183.0	183.8	183.8	183.7	183.9	184.0	184.6	184.7

Table 24. Consumer expenditures for meats

Item	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Beef, dollars per person	188.66	196.11	189.09	179.54	177.64	178.54	180.50	181.90	183.40	184.52	185.75	187.05
Percent of income	0.84	0.84	0.78	0.71	0.67	0.64	0.62	0.60	0.58	0.55	0.53	0.51
Percent of meat expenditures	42.19	42.20	41.10	39.64	39.28	39.37	39.39	39.31	39.27	39.19	39.17	39.20
Pork, dollars per person	127.72	129.99	127.08	125.58	125.81	124.83	125.57	125.96	126.27	126.56	127.04	127.64
Percent of income	0.57	0.56	0.53	0.49	0.47	0.45	0.43	0.41	0.40	0.38	0.36	0.35
Percent of meat expenditures	28.56	27.97	27.62	27.73	27.82	27.53	27.40	27.22	27.03	26.88	26.79	26.75
Broilers, dollars per person	112.94	120.68	126.43	131.15	131.91	133.35	135.48	138.17	140.48	142.75	144.44	145.57
Percent of income	0.50	0.52	0.52	0.52	0.50	0.48	0.46	0.45	0.44	0.43	0.41	0.40
Percent of meat expenditures	25.26	25.97	27.48	28.96	29.17	29.41	29.56	29.86	30.08	30.32	30.46	30.50
Turkeys, dollars per person	17.81	17.91	17.48	16.65	16.89	16.74	16.74	16.76	16.91	16.96	16.95	16.97
Percent of income	0.08	0.08	0.07	0.07	0.06	0.06	0.06	0.05	0.05	0.05	0.05	0.05
Percent of meat expenditures	3.98	3.85	3.80	3.68	3.73	3.69	3.65	3.62	3.62	3.60	3.57	3.56
Total meat, dollars per person	447.13	464.69	460.08	452.91	452.24	453.46	458.29	462.80	467.06	470.79	474.18	477.23
Percent of income	2.00	1.99	1.90	1.78	1.70	1.63	1.57	1.52	1.46	1.41	1.36	1.31

Table 25. Beef baseline

Item	Units	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Beginning stocks	Mil. lbs.	465	393	370	365	350	375	400	425	450	475	475	475
Commercial production	Mil. lbs.	25,653	26,240	24,875	23,642	23,692	23,995	24,135	24,123	24,133	24,160	24,228	24,328
Change	Percent	1.1	2.3	-5.2	-5.0	0.2	1.3	0.6	-0.1	0.0	0.1	0.3	0.4
Farm production	Mil. lbs.	106	106	106	106	106	106	106	106	106	106	106	106
Total production	Mil. lbs.	25,759	26,346	24,981	23,748	23,798	24,101	24,241	24,229	24,239	24,266	24,334	24,434
Imports	Mil. lbs.	2,642	2,820	3,015	3,025	2,950	2,900	2,850	2,800	2,750	2,700	2,650	2,600
Total supply	Mil. lbs.	28,866	29,559	28,366	27,138	27,098	27,376	27,491	27,454	27,439	27,441	27,459	27,509
Exports	Mil. lbs.	2,171	2,376	2,310	2,250	2,325	2,400	2,475	2,550	2,625	2,725	2,775	2,875
Ending stocks	Mil. lbs.	393	370	365	350	375	400	425	450	475	475	475	475
Total consumption	Mil. lbs.	26,302	26,813	25,691	24,538	24,398	24,576	24,591	24,454	24,339	24,241	24,209	24,159
Per capita, carcass weight	Pounds	97.3	98.3	93.3	88.4	87.2	87.1	86.5	85.3	84.3	83.2	82.5	81.6
Per capita, retail weight	Pounds	68.1	68.8	65.3	61.9	61.0	61.0	60.6	59.7	59.0	58.2	57.8	57.1
Change	Percent	1.8	1.0	-5.1	-5.3	-1.4	-0.1	-0.7	-1.4	-1.2	-1.3	-0.8	-1.1
Prices:													
Beef cattle, farm	\$/cwt	59.73	62.83	67.50	67.52	67.27	68.58	70.46	72.53	74.47	76.57	78.49	80.59
Calves, farm	\$/cwt	82.29	88.49	90.25	87.10	85.25	85.35	88.00	90.79	93.11	94.80	96.29	99.07
Choice steers, Nebraska	\$/cwt	61.48	65.15	69.50	69.52	69.26	70.61	72.54	74.67	76.68	78.83	80.81	82.97
Deflated price	\$/cwt	37.67	39.11	40.78	39.84	38.61	38.29	38.26	38.31	38.28	38.29	38.17	38.13
Yearling steers, Okla. City	\$/cwt	71.80	75.42	81.25	78.41	76.75	76.84	79.23	81.74	83.82	85.35	86.69	89.19
Deflated price	\$/cwt	44.00	45.27	47.68	44.93	42.78	41.67	41.79	41.94	41.85	41.45	40.95	40.99
Retail: Beef and veal	1982-84=100	136.5	139.2	142.0	142.3	142.7	143.6	146.2	149.4	152.4	155.4	157.8	160.6
Retail: Other meats	1982-84=100	146.8	148.2	152.0	152.3	152.8	153.7	156.5	159.9	163.1	166.3	168.8	171.9
ERS retail beef	\$/lb.	2.77	2.85	2.90	2.90	2.91	2.93	2.98	3.05	3.11	3.17	3.22	3.27
Costs and returns, cow-calf enterprise:													
Variable expenses	\$/cow	207.90	189.77	189.33	194.05	200.22	209.92	216.65	223.90	229.95	238.44	246.08	251.07
Fixed expenses	\$/cow	118.58	119.21	123.29	124.90	124.82	126.61	129.20	131.91	134.69	137.53	140.45	143.47
Total cash expenses	\$/cow	326.48	308.98	312.62	318.95	325.04	336.52	345.85	355.81	364.64	375.97	386.53	394.54
Returns above cash costs	\$/cow	-16.80	18.45	45.58	34.23	25.76	19.24	25.79	32.63	38.98	40.46	42.05	52.22
Cattle inventory	1,000 head	99,744	97,972	95,730	95,329	95,176	96,099	96,320	96,184	96,123	96,095	96,140	96,213
Beef cow inventory	1,000 head	33,885	33,472	32,825	32,175	32,279	32,365	32,306	32,170	32,062	31,997	31,941	31,865

Table 26. Pork baseline

Item	Units	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Beginning stocks	Mil. lbs.	408	586	550	500	500	500	500	500	500	500	500	450
Commercial production	Mil. lbs.	18,981	19,368	18,625	18,499	18,993	19,439	19,700	19,908	20,105	20,323	20,495	20,599
Change	Percent	10.1	2.0	-3.8	-0.7	2.7	2.3	1.3	1.1	1.0	1.1	0.8	0.5
Farm production	Mil. lbs.	30	30	30	30	30	30	30	30	30	30	30	30
Total production	Mil. lbs.	19,011	19,398	18,655	18,529	19,023	19,469	19,730	19,938	20,135	20,353	20,525	20,629
Imports	Mil. lbs.	704	826	800	760	735	735	750	750	760	765	770	770
Total supply	Mil. lbs.	20,123	20,810	20,005	19,789	20,258	20,704	20,980	21,188	21,395	21,618	21,795	21,849
Exports	Mil. lbs.	1,229	1,291	1,200	1,275	1,325	1,425	1,525	1,625	1,725	1,825	1,900	2,000
Ending stocks	Mil. lbs.	586	550	500	500	500	500	500	500	500	500	450	400
Total consumption	Mil. lbs.	18,308	18,969	18,305	18,014	18,433	18,779	18,955	19,063	19,170	19,293	19,445	19,449
Per capita, carcass weight	Pounds	67.7	69.5	66.5	64.9	65.9	66.6	66.6	66.5	66.4	66.2	66.2	65.7
Per capita, retail weight	Pounds	52.6	53.9	51.6	50.4	51.1	51.7	51.7	51.6	51.5	51.4	51.4	51.0
Change	Percent	7.9	2.6	-4.3	-2.4	1.5	1.0	0.1	-0.2	-0.2	-0.2	0.0	-0.8
Prices:													
Hogs, farm	\$/cwt	32.39	30.52	33.62	36.54	36.21	35.63	36.23	36.79	37.18	37.33	37.35	37.73
Iowa, So. Minn. market	\$/cwt	34.72	32.43	35.75	38.87	38.52	37.90	38.54	39.14	39.56	39.71	39.74	40.14
Deflated price	\$/cwt	21.27	19.47	20.98	22.27	21.47	20.55	20.33	20.08	19.75	19.29	18.77	18.45
Retail: pork	1982-84=100	148.5	145.9	149.0	150.9	148.9	146.2	146.9	147.6	148.3	149.0	149.5	151.4
ERS retail pork	\$/lb.	2.43	2.41	2.46	2.49	2.46	2.42	2.43	2.44	2.45	2.46	2.47	2.50
Costs and returns, farrow to finish:													
Variable expenses	\$/cwt	35.36	28.49	26.61	25.59	26.59	27.62	28.80	30.18	31.13	32.87	34.27	34.65
Fixed expenses	\$/cwt	5.10	4.85	4.86	4.77	4.64	4.59	4.57	4.57	4.57	4.58	4.60	4.62
Total cash expenses	\$/cwt	40.47	33.34	31.47	30.36	31.22	32.21	33.37	34.75	35.70	36.45	36.86	36.28
Returns above cash costs	\$/cwt	-5.75	-0.91	4.28	8.51	7.30	5.69	5.17	4.39	3.86	3.26	2.88	3.86
Hog inventory,													
Dec. 1, previous year	1,000 head	61,158	62,206	59,600	59,223	60,698	62,030	62,811	63,432	64,022	64,671	65,185	65,494

Table 27. Young chicken baseline

Item	Units	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Beginning stocks	Mil. lbs.	607	711	950	990	990	990	990	990	990	990	990	990
Federally inspected slaughter	Mil. lbs.	27,863	29,774	31,250	32,776	33,264	33,851	34,517	35,275	36,113	37,011	37,938	38,906
Change	Percent	2.2	6.9	5.0	4.9	1.5	1.8	2.0	2.2	2.4	2.5	2.5	2.5
Production	Mil. lbs.	27,612	29,402	30,968	32,481	32,965	33,546	34,207	34,957	35,788	36,677	37,597	38,555
Total supply	Mil. lbs.	28,219	30,113	31,918	33,471	33,955	34,536	35,197	35,947	36,778	37,667	38,587	39,545
Change	Percent	1.9	6.7	6.0	4.9	1.4	1.7	1.9	2.1	2.3	2.4	2.4	2.5
Exports	Mil. lbs.	4,673	4,606	4,675	4,800	5,000	5,150	5,300	5,450	5,600	5,750	5,900	6,050
Ending stocks	Mil. lbs.	711	950	990	990	990	990	990	990	990	990	990	990
Consumption	Mil. lbs.	22,835	24,557	26,253	27,681	27,965	28,396	28,907	29,507	30,188	30,927	31,697	32,505
Per capita, carcass weight	Pounds	84.5	90.0	95.4	99.7	99.9	100.7	101.6	103.0	104.5	106.2	108.0	109.8
Per capita, retail weight	Pounds	73.4	78.2	82.9	86.6	86.8	87.5	88.3	89.5	90.8	92.3	93.9	95.4
Change	Percent	1.0	6.5	6.0	4.5	0.2	0.8	0.9	1.4	1.5	1.6	1.7	1.7
Prices:													
Broilers, farm	Cents/lb.	39.9	37.0	37.2	35.3	36.4	37.4	38.6	39.6	40.3	40.7	40.7	40.6
12-city market price	Cents/lb.	63.1	58.0	56.0	55.7	57.3	58.9	60.7	62.3	63.4	64.1	64.2	64.0
Deflated wholesale price	Cents/lb.	38.7	34.8	32.9	31.3	31.9	32.0	32.0	32.0	31.7	31.1	30.3	29.4
Change	Percent	5.6	-10.0	-5.6	-4.7	1.9	0.1	0.2	-0.2	-1.0	-1.7	-2.6	-3.0
Composite retail broiler price	Cents/lb.	153.8	154.3	152.5	151.4	151.9	152.4	153.5	154.4	154.7	154.7	153.9	152.6
Costs and returns:													
Total costs	Cents/lb.	52.50	46.26	47.03	49.04	47.98	48.51	47.45	46.55	48.19	50.93	53.18	54.06
Net returns	Cents/lb.	10.60	11.74	8.97	6.62	9.29	10.42	13.29	15.75	15.20	13.17	10.97	9.90

Table 28. Turkey baseline

Item	Units	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Beginning stocks	Mil. lbs.	415	304	250	300	375	375	375	375	375	350	350	350
Federally inspected slaughter	Mil. lbs.	5,281	5,304	5,400	5,450	5,595	5,718	5,815	5,907	5,991	6,069	6,135	6,187
Change	Percent	-3.6	0.4	1.8	0.9	2.6	2.2	1.7	1.6	1.4	1.3	1.1	0.9
Production	Mil. lbs.	5,173	5,241	5,336	5,386	5,529	5,651	5,746	5,838	5,920	5,998	6,062	6,114
Total supply	Mil. lbs.	5,588	5,545	5,586	5,686	5,904	6,026	6,121	6,213	6,295	6,348	6,412	6,464
Change	Percent	-2.6	-0.8	0.7	1.8	3.8	2.1	1.6	1.5	1.3	0.8	1.0	0.8
Exports	Mil. lbs.	446	378	390	450	500	600	700	775	825	850	875	900
Ending stocks	Mil. lbs.	304	250	300	375	375	375	375	375	350	350	350	350
Consumption	Mil. lbs.	4,838	4,917	4,896	4,861	5,029	5,051	5,046	5,063	5,120	5,148	5,187	5,214
Per capita	Pounds	17.9	18.0	17.8	17.5	18.0	17.9	17.7	17.7	17.7	17.7	17.7	17.6
Change	Percent	1.6	0.7	-1.3	-1.5	2.6	-0.4	-0.9	-0.4	0.3	-0.3	0.0	-0.3
Prices:													
Turkey, farm	Cents/lb.	37.9	41.3	41.2	40.0	39.6	39.4	39.7	40.0	40.2	40.4	40.4	40.6
Hen turkey (whsle.) East	Cents/lb.	62.2	69.3	69.0	66.7	66.0	65.6	66.2	66.6	67.0	67.4	67.3	67.6
Deflated hen turkey	Cents/lb.	37.9	41.6	40.5	38.2	36.8	35.6	34.9	34.2	33.4	32.7	31.8	31.1
Retail frozen turkey	Cents/lb.	99.5	99.4	98.3	95.1	94.0	93.5	94.3	94.9	95.4	96.0	95.9	96.3
Retail: poultry	1982-84=100	157.1	157.9	158.0	156.0	156.1	156.3	157.5	158.4	158.8	159.0	158.4	157.4
Costs and returns:													
Total costs	Cents/lb.	65.50	59.50	64.24	65.28	68.09	69.34	68.12	68.27	67.70	68.50	68.04	67.01
Net returns	Cents/lb.	-3.30	9.80	4.76	1.45	-2.13	-3.70	-1.90	-1.66	-0.73	-1.14	-0.70	0.61

Table 29. Egg baseline

Item	Units	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Beginning stocks	Mil. doz.	7	8	5	5	5	5	5	5	5	5	5	5
Production	Mil. doz.	6,659	6,886	7,030	7,171	7,278	7,387	7,498	7,611	7,687	7,764	7,880	7,959
Change	Percent	3.1	3.4	2.1	2.0	1.5	1.5	1.5	1.5	1.0	1.0	1.5	1.0
Imports	Mil. doz.	6	8	4	5	5	5	5	5	5	5	5	5
Total supply	Mil. doz.	6,672	6,902	7,039	7,181	7,288	7,397	7,508	7,621	7,697	7,774	7,890	7,969
Change	Percent	3.0	3.4	2.0	2.0	1.5	1.5	1.5	1.5	1.0	1.0	1.5	1.0
Hatching use	Mil. doz.	922	946	1,005	1,054	1,070	1,089	1,110	1,134	1,161	1,190	1,220	1,251
Exports	Mil. doz.	219	157	170	180	185	190	195	200	205	210	215	220
Ending stocks	Mil. doz.	8	5	5	5	5	5	5	5	5	5	5	5
Consumption	Mil. doz.	5,523	5,794	5,859	5,942	6,028	6,114	6,198	6,281	6,325	6,368	6,450	6,493
Per capita	Number	245.2	254.8	255.4	256.8	258.5	260.1	261.5	263.0	262.7	262.3	263.6	263.2
Change	Percent	2.4	3.9	0.2	0.6	0.7	0.6	0.6	0.6	-0.1	-0.1	0.5	-0.2
Prices:													
Eggs, farm	Cents/doz.	65.6	61.1	57.9	57.5	56.7	60.6	62.3	64.9	66.6	68.3	70.1	71.8
New York, Grade A large	Cents/doz.	75.8	67.3	63.5	66.5	65.5	70.0	72.0	75.0	77.0	79.0	81.0	83.0
Deflated wholesale prices	Cents/doz.	46.4	40.4	37.3	38.1	36.5	38.0	38.0	38.5	38.4	38.4	38.3	38.1
Retail, Grade A, large	Cents/doz.	104	98	93	93	92	97	99	103	105	108	110	113
Retail: Eggs	1982-84=100	135.4	128.1	126.0	126.3	126.6	134.3	138.7	144.9	149.3	153.8	158.3	162.9
Costs and returns:													
Total costs	Cents/doz.	65.65	62.00	61.61	59.92	62.65	70.66	70.92	74.50	77.14	78.52	78.99	80.29
Net returns	Cents/doz.	10.15	5.30	1.89	6.58	2.85	-0.66	1.08	0.50	-0.14	0.48	2.01	2.71

Table 30. Dairy baseline

Item	Units	1998/99	1999/2000	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
Production data:													
Milk production	Bil. lbs.	161.3	164.8	166.8	168.5	170.5	172.9	174.5	176.5	178.5	181.0	182.5	184.5
Number of cows	1,000	9,148	9,164	9,110	9,035	8,960	8,880	8,805	8,730	8,655	8,585	8,505	8,430
Milk per cow	Pounds	17,629	17,980	18,305	18,650	19,025	19,475	19,815	20,215	20,625	21,085	21,455	21,885
Commercial use:													
Milkfat basis	Bil. lbs.	162.9	167.5	169.2	170.0	171.8	174.5	176.0	178.2	180.1	182.8	184.2	186.4
Skim solids	Bil. lbs.	157.9	162.9	166.9	170.1	171.1	174.0	175.5	177.8	179.7	182.5	183.9	186.2
Net removals:													
Milkfat basis	Bil. lbs.	0.3	0.5	0.3	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1
Skim solids	Bil. lbs.	5.4	4.2	2.2	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8
Prices:													
Basic Formula Price/Class III	\$/cwt	14.04	11.10	11.15	12.10	12.65	12.95	13.25	13.55	13.85	14.15	14.40	14.70
All milk	\$/cwt	15.37	12.75	12.75	13.50	14.00	14.30	14.60	14.90	15.20	15.50	15.80	16.10
Retail, all dairy products	1982-84=100	157.7	157.0	154.0	157.5	161.5	165.0	168.0	171.5	175.0	178.5	182.0	185.5
Costs and returns:													
Ration value	\$/cwt	7.15	7.00	6.95	7.25	7.40	7.75	7.90	8.15	8.35	8.55	8.80	8.80
Returns above concentrate costs	\$/cwt	12.41	9.85	9.83	10.46	10.89	11.05	11.28	11.48	11.69	11.91	12.10	12.40
Milk-feed ratio	ratio	2.15	1.82	1.83	1.86	1.89	1.85	1.85	1.83	1.82	1.81	1.80	1.83