



**AgEcon** SEARCH

RESEARCH IN AGRICULTURAL & APPLIED ECONOMICS

*The World's Largest Open Access Agricultural & Applied Economics Digital Library*

**This document is discoverable and free to researchers across the globe due to the work of AgEcon Search.**

**Help ensure our sustainability.**

Give to AgEcon Search

AgEcon Search

<http://ageconsearch.umn.edu>

[aesearch@umn.edu](mailto:aesearch@umn.edu)

*Papers downloaded from **AgEcon Search** may be used for non-commercial purposes and personal study only. No other use, including posting to another Internet site, is permitted without permission from the copyright owner (not AgEcon Search), or as allowed under the provisions of Fair Use, U.S. Copyright Act, Title 17 U.S.C.*

*No endorsement of AgEcon Search or its fundraising activities by the author(s) of the following work or their employer(s) is intended or implied.*

281.9  
F313

Federal Reserve Bank of Chicago - -

December 31, 1964

JAN 22 1965  
Agricultural  
& RAS  
Letter  
Number 785



**CATTLE FEEDING PROFITS** for "typical" Corn Belt programs during 1964 showed mixed results compared with the previous year, according to the U. S. Department of Agriculture. Net returns for all feeding programs, however, were well below the average of the past 10 years, with only two programs showing returns above cost. Net returns represent the difference between cost of the feeder replacements bought in the fall plus feed, marketing and transportation and the sales value of the fat animals sold in 1964.

Feed costs for all programs averaged only slightly above year-earlier levels during the 1963-64 feeding season. Corn and hay prices were higher throughout the period, while soybean meal prices averaged higher during the first part of the season but then were lower toward the end of the feeding season. Transportation expenses and other marketing costs were about equal to the year-earlier level.

Cattle feeders paid less for feeder cattle placed on feed in the fall of 1963 than in the previous year—averaging \$1 to \$3 per hundredweight lower—but only after mid-1964 did prices of cattle coming out of feedlots average above a year earlier. Consequently, the continued squeeze on profits was primarily from low fed cattle prices during much of the year.

Prices of choice cattle declined steadily during the winter and spring of 1964, reaching a low in May at Chicago of about \$21 per hundredweight. Prices improved markedly through the summer months reaching a high for the year of \$26 per hundredweight in September and continued relatively strong during the fall. With prices being the highest during late summer and fall, the largest profits were realized on long-fed cattle.

Steer calves purchased in September-November 1963 and sold as choice steers during August-October 1964 returned nearly \$27 per head. Cattle feeders paid more per hundredweight for calves than they received for the finished steers but fed cattle prices were high enough to make the conversion of feed into beef profitable. Long-fed yearling steers placed in feedlots in the fall and sold as prime and choice steers during the summer months also showed a sizable increase in returns from a year earlier.

All of the short-term feeding programs observed showed sizable losses—even larger than those experienced during the 1962-63 feeding season. Short-term programs terminated after midyear, however, probably had more favorable returns. The short-fed steer program with sales planned for January and February had smaller losses than many farmers probably experienced. Prices of fed cattle were declining at the beginning of the year and many farmers delayed marketing their animals in the

hope that prices would recover. The end result of such delays was that cattle were marketed later in the spring and at even lower prices. Along with the decline in price was the added expense of feeding to extra heavy weights.

**Cattle Feeding Returns Substantially Below Average**

	Calves		Yearling Steers			Heavy Steers
	Heifer	Steer	Medium	Good	Good & Choice	Good
Feeding period	short	long	short	short	long	short
Purchase grade	good & choice	good & choice	medium	good	good & choice	good
Sales grade	choice	choice	good & standard	choice	prime	choice & prime
Months sold	June-July	Aug.-Oct.	Jan.-Feb.	Apr.-June	July-Sept.	March-May
<b>Returns by Feeding Year—Dollars Per Head</b>						
1954-55	17.40	12.18	22.14	12.93	8.09	42.17
1955-56	17.27	56.17	-12.64	-0.36	65.90	4.49
1956-57	40.07	53.10	7.78	31.64	69.73	37.48
1957-58	60.84	49.70	39.20	69.71	62.42	111.35
1958-59	29.04	22.62	16.34	37.61	31.43	70.31
1959-60	14.94	13.26	8.20	24.13	17.91	54.82
1960-61	19.20	26.82	32.78	13.00	18.47	33.18
1961-62	29.89	60.38	18.27	56.68	72.46	54.19
1962-63	7.14	1.46	12.11	-20.12	-4.74	-17.14
1963-64	-7.24	26.65	-2.03	-25.40	24.41	-28.28
10 year average	22.86	32.23	14.22	19.98	36.61	36.26

**Cattle feeding profit** prospects in 1965 appear more favorable. Feed costs are expected to be somewhat higher and marketing and transportation expenses will probably match those of 1964. Feeder cattle during the fall, however, were selling for \$3 to \$5 per hundredweight below a year earlier, thus reducing the cost of replacement stock \$20 to \$25 per head. Primarily because of these lower prices, farmers probably will realize moderately higher returns from cattle feeding in 1965 as compared with the unfavorable results during much of 1964. Barring widespread drought conditions that would cause substantial liquidation of cattle herds, beef production is expected to be only slightly larger than in 1964.

Roby L. Sloan  
Agricultural Economist