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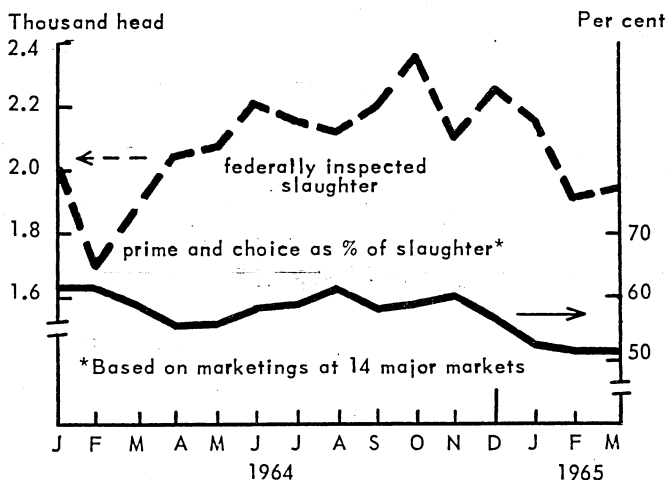
April 30, 1965

FED CATTLE PRICES have shown considerable improvement since the beginning of this year and prospects for further gains appear to be favorable. Choice 900-1,100 pound steer prices at Chicago averaged about \$25 per hundredweight during the week ending April 17—about \$2.50 higher than the January 1965 level and more than \$3 above the year-earlier price. Prices of prime grade steers have shown a similar improvement—up more than \$2 from January and nearly \$5 from a year ago.

These relatively favorable prices on high-quality animals have been paid even though the total slaughter of cattle has exceeded the year-earlier level by a wide margin. During the first three months of 1965, federally inspected slaughter averaged about 8 per cent above the volume during the corresponding year-earlier period.

The primary reason for this price improvement is that marketings of choice and prime cattle have declined sharply from the previous year's volume even though total slaughter has risen. The number of choice and prime cattle marketed for slaughter from January through March at the 14 major markets averaged about 16 per cent below the same period in 1964. Of the marketings during the first quarter, choice and prime cattle accounted for only about 52 per cent of the total compared with 61 per cent of the total during the corresponding period last year.

Total Slaughter Up But Prime And Choice Down



In addition to the smaller marketings of high-quality beef, slaughter weights have been dropping since early January, as compared with a rise in early 1964. Live weights of choice steers have declined about 13 pounds since January and are about 50 pounds below the year-ago average. Consequently, high-quality beef production has declined even more than the number marketed would indicate.

The recent report of cattle on feed indicates that the smaller marketings are likely to continue during the next few months. The early April survey showed about 8.5 million cattle and calves on feed in the 32 major feeding states—2 per cent fewer than a year ago. Both the



Number 802

midwestern and western regions experienced declines—down 2 and 3 per cent, respectively.

Probable marketings during the next few months will be even lower than indicated by the number of cattle on feed. All of the decline in numbers has taken place in the heavier weight groups. The number of cattle on feed weighing over 900 pounds declined from nearly 2.6 million head to 2.1 million—down 18 per cent from April 1964—and the number in the 700-899 pound range was down 2 per cent. The bulk of these animals will be marketed during the second quarter. There were more heifers on feed, however, than was the case a year ago and this will tend to moderate the reduction in indicated marketings somewhat since heifers usually reach the desired degree of fatness more quickly than steers.

The Number of Heavy Cattle Decline Sharply

| Weight groups (pounds) | Heifers (per cent change from year ago) | Steers | Total |
|------------------------|-----------------------------------------|--------|-------|
| Under 500 | +18 | 0 | + 8 |
| 500- 699 | +12 | +11 | +11 |
| 700- 899 | + 4 | - 4 | - 2 |
| 900-1,099 | -29 | -11 | -13 |
| Over 1,100 | - | - 3 | -35 |
| Total 32 states | + 5 | - 5 | - 2 |

Farmers indicated in the early April survey that they intended to market about 4.2 million head during April through June—about 4 per cent fewer than in the corresponding year-earlier period. This would leave about the same number of animals to be marketed during the summer as a year ago.

In addition to smaller anticipated cattle marketings during the next several weeks, less competition from pork supplies is likely. The number of sows farrowing during the winter months was estimated 8 per cent fewer than a year ago thus indicating substantial smaller pork supplies during the next few months. Moreover, consumer incomes are expected to advance further. Finally, although cold storage stocks are not a major factor in the total beef supply picture, they have declined sharply from the record amounts on hand at the beginning of this year. Prices of fed cattle, therefore, should continue well above year-earlier levels into the summer months, possibly strengthening somewhat from current prices.

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