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UNITED STATES DEPARTMENT OF AGRICULTURE
Bureau of Agricultural Economics

THE OUTLOOK FOR MEAT ANIMALS IN 1954

Statement presented by Harold F. Breimyer at the 31st
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U. S. DEPARTMENT OF AGRICULTURE

Just one event has been in the forefront of meat animal trends this year and is the main issue in the outlook for 1954--the big increase in slaughter and decline in price for cattle.

Nearly every observer expected cattle slaughter to expand in 1953. Few if any thought the increase would be the outsized 30 percent it has been. Underlying the rise in slaughter, of course, was the uptrend in production as numbers of cattle and calves on farms jumped from 77 million in 1949 to 93.7 million at the beginning of 1953. Accompanying this gain in numbers, slaughter dipped to a low of 26 million head in 1951. Slaughter started upward in the fall of 1952 and the year's total was 28 million cattle and calves. This year slaughter will exceed 36 million. The output of beef, which was at 8.5 billion pounds in 1951 and 9.7 billion pounds last year, will hit 12.3 billion this year. The previous high was 10.4 billion in 1947. Or, for another measure of the increase in beef supply look at consumption per person. Beef consumption was only 55 pounds in 1951, 61 last year, and now this year will reach 75 pounds. Not in 54 years of records had this rate been attained. The peak until now was the 73 pounds in 1909.

The big supply of beef overshadowed the smallness of supply of other meats. Lamb output has been substantially larger than last year but still small compared with 5 or 10 years ago. But pork consumption is down to an estimated 63 pounds per person from 72 last year, and is the lowest since at least 1942. With the increased quantity of beef the total red meat consumption is rising to about 151 pounds this year, a rate exceeded only by two peacetime years (1946 and 1947) and one wartime year (1944) since 1909.

Trends in prices are well known. Prices of grass cattle broke in the fall of 1952. Then this past January prices of fed cattle began to tumble too. And this summer and fall prices of grass cattle are down still more. Prices of the lower grades of cattle have been reduced most. Compared with 2 years ago Choice slaughter steers are down about 30 percent, Utility cows are 55 percent lower and feeder steers are off 50 to 60 percent. That is, all grades Commercial and lower have been cut in half or more the last 2 years.

An inevitable and pertinent subject in this connection is the traditional cattle cycle. We are in the 6th cycle since 1880. We have explained many times this year that there is nothing automatic about these cycles, which essentially arise because of the long life span of the cattle species, but that the similarity between various cycles is helpful in

understanding what is going on now. Data indicate the cycles are getting shorter. Since their amplitude is about as great as ever, their changes are if anything even more violent than they used to be. Not much progress has been made in avoiding cyclical ups and downs in cattle.

Though the direction of present changes in cattle are typical, the 30 percent rise in slaughter this year is considerably greater than is usual for this stage in the cycle--or for any stage.

Most price changes for cattle this year are directly traceable to the increased supply. Demand for meat apparently has held as strong this year as last. A greater decline in prices of lower than of higher grades of cattle is a normal occurrence for this point in the cycle, although the difference between the two rates of decline has been pretty severe this time.

What then comes next? How far toward completion have adjustments gone? Is the present pessimism in cattle following 1953 experiences justified, or are we again swinging too far in the direction of discouragement?

The big increase in cattle slaughter has lifted it to the rate of current production. Unless the calf crop this year proves to be exceedingly large, fully as many cattle and calves will have been slaughtered as produced. Numbers of cattle on farms thereby are being leveled out, and the inventory next January is forecast at 93 to 94 million compared with the 93.7 million at the beginning of 1953. Even though the uptrend in numbers is now halted, it would be erroneous to assume that numbers would necessarily take any one course seemingly dictated by comparisons with previous cycles. Cycles are not exactly repetitive enough for that sort of forecasting. Rather, 1954 trends in cattle numbers and slaughter will be conditioned chiefly by conditions during the year. Barring drought or marked economic recession, neither of which is now foreseen, no great change in either direction is likely and the chances are as good for numbers to go up a bit as to decline. Incidentally, we mention the effects of a possible drought because a large cattle inventory is more sensitive than a small one to any widespread and serious dry weather.

Cattle and calf slaughter in 1954, assuming favorable weather, is likely to equal or to exceed only slightly that of 1953. Average weights will be lighter, and the beef and veal output may be no larger or slightly smaller. Prices of cattle therefore may be as high as this year. However, the beef supply next year and possibly for several years will continue larger than in years before 1953, and prices can hardly rebound very far. The most hopeful indication for cattlemen is a probable end to the persistent declines of 1952 and 1953.

It looks as though fewer cattle will be fed this winter than last, and that therefore less fed beef will be on the market this coming winter and spring than a year before. The prospects are favorable for average

profits in cattle feeding this season. Good returns in feeding could put a little firmer base under demand for feeder cattle next year, even though no really substantial improvement in their prices is likely.

Sometimes overlooked in the concern with cattle has been the higher prices for hogs this year, which are the highest for any year except 1947 and 1948. After declining for 2 years, hog production is now turning upward. There is reason to think that late fall farrowings are above those a year ago, and an appreciable increase in the 1954 spring crop--perhaps 5 to 10 percent--is expected. About the middle of 1954 hog slaughter will shift above the year-earlier rate. Prices of hogs next fall may decline more than this fall and average lower than this fall. However, no depressed level is likely. 1954 promises to be a good year for hogs raised and sold during the year. Price trends after that depend on how great the expansion in production turns out to be.

Though the 1953 lamb crop was 7 percent larger than the 1952 crop the number slaughtered has increased still more and a small decrease in inventory numbers of sheep and lambs next January seems in prospect. The likelihood is for fewer sheep and lambs to be slaughtered next year. Prices may stay just a little on the high side relative to cattle prices. Prices of wool will again be mainly determined by supports and are not likely to differ much from this year.

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