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March 2, 1956

Agricultural Letter

Number 342

OUTPUT OF LIVESTOCK PRODUCTS is headed toward a new record high in 1956. Estimates by the Crop Reporting Board place the inventory of all livestock and poultry on farms at the beginning of the year 2 per cent above a year earlier.

Although the aggregate number of livestock and poultry on farms was larger, the farm value of \$10.8 billion was 4 per cent less than a year ago. Most of the decline in values was due to a sharp drop in hog prices although average prices of sheep and cattle were also lower. The total value of all livestock and poultry in District states on January 1, and the per cent change from a year earlier follow:

	million dollars	per cent change
Illinois	539	-8
Indiana	327	-9
Iowa	837	-19
Michigan	246	-3
Wisconsin	630	+3

Cattle numbers climbed another notch to 97.5 million head during the past year. Virtually all of the increase was due to a 14 per cent boost in the number of steers on farms. This marks the seventh consecutive year of increase in the number of cattle on farms from the low point of 76.8 million in 1949.

Many characteristics of the recent expansion of cattle numbers have paralleled those of past cycles; as a result some observers are expecting a "normal" liquidation and accompanying low prices. However, a view that is gaining increasing acceptance is that cattle numbers are in a period of relative stability. Small changes in numbers in the past three years lend support to this view.

Despite the heavy cow slaughter of last year, the number of beef cows increased slightly. As a result, the 1956 calf crop will probably remain near recent record levels and, unless slaughter substantially exceeds last year's record, the number on farms would show little change during 1956. Moreover, ample sup-

plies of feed and projected high levels of consumer demand are two important factors tending to maintain operations in the industry at a high level.

Market hogs (excluding sows) over 6 months old on January 1, 1956, were 10 per cent above a year ago, while the number of hogs under 6 months registered a 12 per cent increase. The increase reflects the larger 1955 fall pig crop. Sows and gilts on farms were down 2 per cent, in line with farmers' intentions to decrease spring farrowings.

Marketings, therefore, are expected to continue to exceed year-earlier levels during the first part of the year but during the latter months may run below the volume of this past fall and winter.

Milk cows and heifers declined 1 per cent from early 1955 levels--the second consecutive year for a small reduction in numbers. However, total milk output is expected to exceed 1955 as production per cow continues to set new records.

Chickens declined 2 per cent from a year earlier. Pullets were down 7 per cent, but hens were up 9 per cent, reflecting the reduced replacement rate last year and the holdover of layers. While egg production may continue to reflect the reduced number of hens during the months ahead, later in the year production is expected to increase. Chicks hatched for flock replacement in January were 26 per cent above last year, and farmers report that they intend to raise 3 per cent more pullets this year than last.

Research Department

Number on Farms, January 1, 1956, and Per Cent Change from January 1, 1955
(thousand head)

	<u>All cattle</u>		<u>Milk cows</u>		<u>Hogs</u>		<u>Sheep</u>		<u>Chickens</u>		<u>Turkeys</u>	
	Number	Per cent change	Number	Per cent change	Number	Per cent change	Number	Per cent change	Number	Per cent change	Number	Per cent change
Illinois	4,028	+3	866	-1	6,291	+11	708	-1	18,187	-2	60	0
Indiana	2,262	+4	612	-3	4,349	+4	577	+11	14,025	-2	42	-26
Iowa	6,223	+1	1,100	-2	11,602	+4	1,247	-6	27,717	-5	154	+9
Michigan	1,924	-1	907	0	776	+12	399	-6	10,402	-1	100	-12
Wisconsin	4,384	+1	2,604	+1	1,831	+6	260	-9	13,578	-1	81	-10
U. S.	97,465	+1	23,318	-1	55,088	+9	31,109	-1	382,218	-2	4,892	-1