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Federal Reserve Bank of Chicago - -

February 22, 1957

# Agricultural Letter

LIVESTOCK AND POULTRY on farms at the beginning of the year were valued at 11.2 billion dollars, 5 per cent above early 1956. While the number of all classes of livestock except poultry were lower, average values per head were higher. On the other hand, chickens and turkeys were more numerous, and the average price per bird was lower.

Despite the over-all decline in livestock numbers, a smaller output of livestock products in the current year is not assured. Production efficiencies continue to be realized. The pace is particularly fast for milk and eggs and is becoming increasingly important in beef.

Cattle numbers declined from 96.8 to 95.2 million head in 1956, a reduction of 2 per cent. Previous to this, the nation's cattle herd had increased each year since 1949. The reduction in herd size resulted in part from the continuation of the downtrend in dairy cattle and a record large slaughter that resulted from drouth in grazing areas and stepped-up feed lot operations.

Dairy cattle declined by 0.3 million head. Much of the remaining decline of 1.3 million head occurred in the Southwest. In Texas alone, the cattle inventory fell 0.7 million. Partially offsetting the reduction in the drouth region were increases in other sections of the country.

Relatively small changes in the size of the nation's cattle herd in the past four years lend support to the view that inventory numbers may remain near recent levels for a number of years.

Prices have shown a surprising degree of stability since 1953, and projected high levels of consumer demand provide a strong underlying prop. Moreover, ample supplies of feed and lower price supports for the coming year provide an inducement to maintain feeding operations at a high level. In this setting there is little in the outlook to indicate any substantial change in the beef cattle population unless drouth persists.

Beef production apparently will remain large in 1957, and if drouth further reduces feed supplies in grazing areas, it will rise substantially as herd liquidation accelerates. Cattle on feed are at a record level, and a relatively large number of these are located in Corn Belt states, indicating that marketings from this region are potentially large.

Market hogs (excluding sows and gilts) 6 months and older on January 1, 1957, were 16 per cent below a year ago, but the number of hogs under 6 months of age was only 2 per cent lower. The decline reflects the smaller 1956 fall pig crop and indicates that the margin under a year ago in hog slaughter will narrow as the year progresses.

Sows and gilts on farms were down 1 per cent. This compares with farmers' intentions as of early December to have 2 per cent fewer sows farrow in the December-May period than a year earlier.

Poultry flocks increased 3 per cent from a year earlier. Pullets were up 5 per cent, but hens were down 2 per cent. With a larger laying flock and a higher portion of it composed of pullets, egg production is likely to continue to top year-ago levels at least until fall. Chicks hatched for flock replacements in January were 21 per cent below year ago, and farmers report that they intend to raise 9 per cent fewer pullets this year than last.

Research Department

Number on Farms, January 1, 1957 and Per Cent Change from January 1, 1956

(thousand head)

	All Cattle		Milk cows		Hogs		Sheep		Chickens		Turkeys	
	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 . . . . .	4,270	+6	849	-2	6,348	0	744	+4	18,418	+1	63	+5
Indiana . . . . .	2,262	0	588	-4	4,520	+1	558	+3	14,322	+2	46	+10
Iowa . . . . .	6,284	+2	1,100	0	10,790	-7	1,409	+10	29,467	+5	177	+15
Michigan . . . . .	1,886	-2	880	-2	729	-6	404	-1	10,612	+2	93	-7
Wisconsin . . . . .	4,341	0	2,604	+1	1,753	-6	275	0	13,805	+2	100	+23
U. S. . . . .	95,166	-2	23,028	-1	52,207	-5	30,838	-1	392,811	+3	5,745	+17