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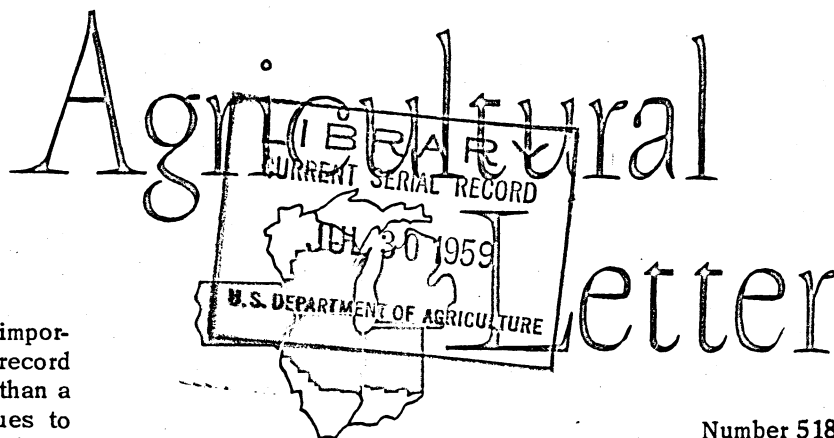
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Federal Reserve Bank of Chicago - -

July 24, 1959



Number 518

THE NUMBER OF CATTLE ON FEED in 13 important cattle feeding states was estimated to be a record 4.7 million head on July 1, 1959, 10 per cent more than a year earlier. Feeding in western states continues to expand at a higher rate than in the older Corn Belt feeding areas. Four western states—Texas, Colorado, Arizona and California—had 1.2 million head on feed July 1, up 21 per cent compared with a year earlier; nine Corn Belt states had nearly 3.5 million head on feed July 1, a 7 per cent increase.

Iowa, the leading cattle feeding state, had nearly 1.3 million head on feed, a gain of 6 per cent from year earlier; Illinois, the fourth ranking state, had 481,000, a decline of 2 per cent, while Indiana, the tenth ranking state, had 185,000, an increase of 3 per cent.

Cattle on Feed, July 1

	1956	1957	1958	1959	Per cent change 1958-1959
	----- (thousands) -----				
9 Corn Belt states ..	2,854	2,825	3,252	3,464	+7
4 western states ...	849	853	1,029	1,240	+21
Total 13 states	3,703	3,678	4,281	4,704	+10
Total 21 states	NA	NA	NA	5,128	NA

N.A. Not available

Placements of feeder cattle in the feedlots of nine Corn Belt states were up 14 per cent from the same period a year earlier in the second quarter of 1959, while in the first quarter of 1959 placements increased less than 4 per cent. Consequently, the number of animals which have been on feed less than three months was up 23 per cent, and the number of animals weighing under 900 pounds increased 13 per cent, while the number of heavier, longer fed animals was little changed.

Cattle on Feed, July 1 Nine Corn Belt States

	1956	1957	1958	1959	Per cent change 1958-1959
	----- (thousands) -----				
Time on feed					
Less than 3 months..	865	833	862	1,056	+23
3 to 6 months.....	914	995	1,230	1,215	-1
Over 6 months	862	997	1,160	1,193	+3
Weight					
Under 900 pounds ...	1,780	1,905	2,010	2,269	+13
900 pounds or over ..	861	927	1,242	1,195	-4

Sales of steers for slaughter at seven Midwest markets increased 9 per cent in the second quarter of 1959 compared with a year earlier; sales of choice and prime grades increased 13 per cent. The influence of abundant feed supplies is reflected in the increase in weight of cattle sold. For example, steers sold at the seven markets in 1959 have averaged about 5 per cent heavier than last year.

Cattle slaughter in the U. S. (Federally inspected) was unchanged from a year earlier during April and May, after having been 6 per cent below in the first quarter. Cow slaughter was down 22 per cent and calf slaughter down 18 per cent, reflecting a continued rapid build up in the breeding herd. Steer slaughter in the U. S., January thru May, was the same as last year, and heifer slaughter increased 14 per cent. Cattle slaughter the remainder of this year will likely approach last year's levels.

The average cost to packers of all slaughter cattle reached \$25.64 in May 1959, \$1.34 above a year earlier and the highest since August 1952. In June, the cost fell slightly and has continued downward in July. This higher average has been due to a larger proportion of higher grade animals slaughtered in 1959 and to higher prices of the lower grade animals.

The price rise this spring and subsequent decline have been primarily seasonal according to U. S. Department of Agriculture specialists. Since April, prime steer prices at Chicago have declined about \$7, and good steer prices have declined more than \$2.

NET FARM INCOME the first half of 1959 has been 8 per cent below the 1958 level but 10 per cent above the 1957 level. Cash receipts from marketings were slightly smaller than the first half of last year. Substantially lower prices for hogs and lower prices for eggs and poultry brought lower cash receipts for these commodities. However, these declines were largely offset by higher cash receipts for cattle and for crops. Production expenses were higher due both to higher prices for production items and to the larger volume of livestock feeding.

In the Seventh District, cash receipts for January thru May, compared with the year-earlier period, were 3 per cent lower in Iowa and Indiana and nearly the same in Illinois, Michigan and Wisconsin.

Research Department