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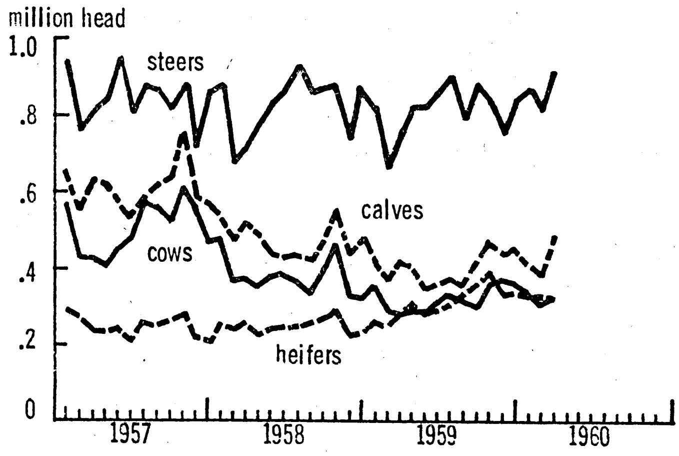
Changes in the inventory of cattle on farms and ranches continue to be of top interest. In the first four months of 1960, cattle slaughtered under Federal inspection have totaled 5 per cent above the year-earlier period. Perhaps of greater significance is that slaughter of cows and calves in March was above year-earlier levels. To some analysts, these events indicate a slowing in the rate of build-up in the cattle cycle, and forecasts have been made that the increase in number of cattle on farms during 1960 will be smaller than the 4.8 million head added during 1959.

In examining the prospective course of cattle numbers, special attention must be given to the slaughter of cows and calves since the decisions of ranchers and farmers are reflected in these figures. If the cattle breeding herds are going to continue being expanded at a rapid pace, then the ranchers and breeders will retain cows and calves and slaughter of these types of animals will remain at a low level.

Federally Inspected Slaughter of Cattle

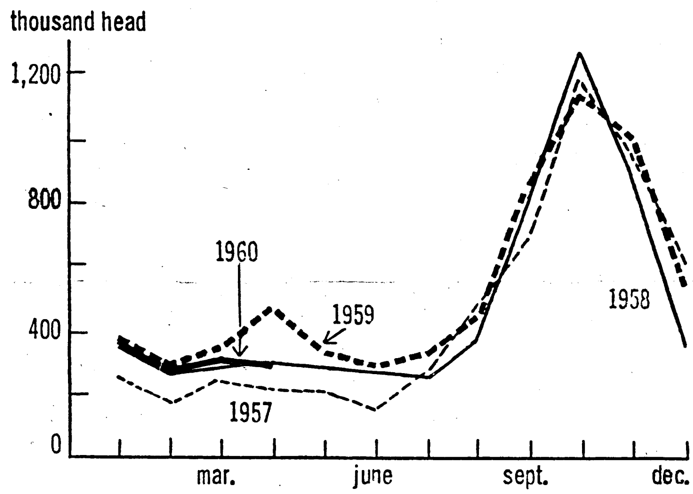


Thus far in 1960, slaughter of cows and calves remained near the very low level of the past year for the first two months and then increased in March. This rise may be in part a reflection of the severe winter with heavy feeding of hay and consequent shortage of feedstuffs in many areas. On May 1, hay stocks were estimated to one-third less than the large supply last year, with even sharper reductions in many Plains and Mountain states. While the U. S. stocks were 4 per cent above the 10-year average on May 1, many of the important cattle states had hay stocks well below average. Thus, the rise in cow and calf slaughter may have been temporary, until pastures became available for grazing, or it may have signaled a basic change in marketing plans.

Conditions of pastures in the U. S. were more favorable on May 1 than either a year ago or the 10-year average for that date. In most of the western cattle states, conditions were roughly comparable to those of last year. Given continued good rainfall and grazing conditions during the summer, it seems likely that cow and calf slaughter will remain close to last year and the number of cattle on farms and ranches will increase at least as much as in 1959. However, the continued expansion and the record number of cattle on ranches in almost all western states make the ranchers increasingly dependent on weather conditions. If drought should hit large areas, cutbacks in breeding herds would be expected.

Slaughter of steers and heifers rose last fall and winter, reflecting the high levels of cattle feeding. The number of cattle on feed on April 1 was 8 per cent above year earlier, indicating continued high marketings of fat cattle through the summer. However, the relatively stable price of fat cattle during this spring, in contrast to the sharp rise in each of the past two years, has slowed cattle feeding activity.

Feeder Cattle Inshipments
8 North Central States



Shipments of stocker and feeder cattle and calves into eight North Central states in April were 38 per cent below 1959 but almost identical to 1958. In January through April, shipments were down 16 per cent from last year's level but 5 per cent above two years ago. In terms of individual states, Nebraska inshipments have been down one-third compared with a year ago, Iowa down one-fifth and Illinois down one-tenth. Indiana, which accounts for a fairly small part of the total, has had nearly 60 per cent larger inshipments of feeder cattle compared with the first four months of 1959.

Research Department

ITEMS	1960 April	1960 March	1959 April
PRICES:			
Received by farmers (1947 - 49 = 100)	89	89	90
Paid by farmers (1947 - 49 = 100)	121	120	120
Parity price ratio (1910 - 14 = 100)	80	80	82
Wholesale, all commodities (1947 - 49 = 100)	120	120	120
Paid by consumers (1947 - 49 = 100)	126	126	124
Wheat, No. 2 red winter, Chicago (dol. per bu.)	2.11	2.06	2.06
Corn, No. 2 yellow, Chicago (dol. per bu.)	1.22	1.17	1.30
Oats, No. 2 white, Chicago (dol. per bu.)	.78	.77	.70
Soybeans, No. 1 yellow, Chicago (dol. per bu.)	2.19	2.16	2.31
Hogs, barrows and gilts, Chicago (dol. per cwt.)	16.11	15.54	16.28
Beef steers, choice grade, Chicago (dol. per cwt.)	27.76	28.08	30.33
Milk, wholesale, U.S. (dol. per cwt.)	4.00	4.19	3.91
Butterfat, local markets, U.S. (dol. per lb.)	.59	.59	.59
Chickens, local markets, U.S. (dol. per lb.)	.17	.18	.16
Eggs, local markets, U.S. (dol. per doz.)	.36	.32	.28
Milk cows, U.S. (dol. per head)	226	226	235
Farm labor, U.S. (dol. per week without board)	45.75	--	44.25
Factory labor, U.S. (dol. earned per week)	89.83	90.91	89.87
PRODUCTION:			
Industrial, physical volume (1947 - 49 = 100)	165	165	162
Farm marketings, physical volume (1947 - 49 = 100)	94	98	96
INCOME PAYMENTS:			
Total personal income, U.S. (annual rate, bil. of dol.)	397	394	379
Cash farm income, U.S. [1] (annual rate, bil. of dol.)	--	33	34
EMPLOYMENT:			
Farm (millions)	5.4	4.6	5.8
Nonagricultural (millions)	60.8	59.7	59.2
FINANCIAL (District member banks):			
Demand deposits:			
Agricultural banks (1955 monthly average = 100)	99.2	99.6	107.4
Nonagricultural banks (1955 monthly average = 100)	102.1	96.8	103.5
Time deposits:			
Agricultural banks (1955 monthly average = 100)	131.7	130.5	126.8
Nonagricultural banks (1955 monthly average = 100)	127.3	127.1	123.8

[1] *Based on estimated monthly income.*

Compiled from official sources by the Research Department, Federal Reserve Bank of Chicago