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Federal Reserve Bank of Chicago - -

October 27, 1961

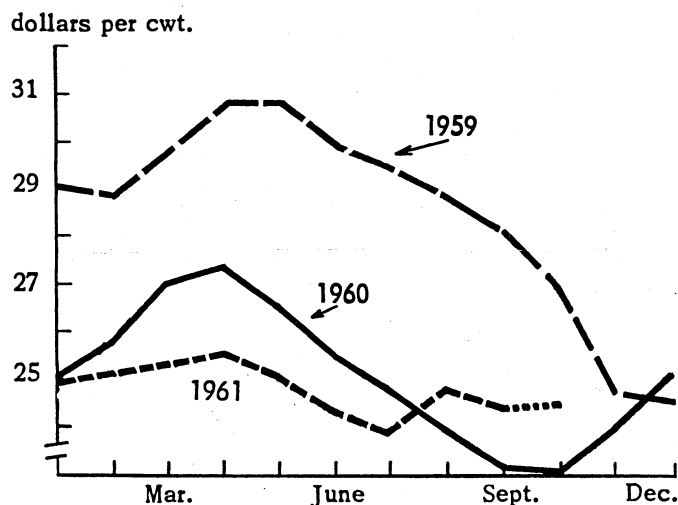
Agricultural Letter

Number 630

AS THE WEATHER CHANGES from summer to fall, farm activities take on a new flavor. In the Corn Belt the pace of activity begins to quicken as crops mature and farmers begin comparing notes on yields and deciding whether to sell crops now, store for sale on a later market or feed to livestock. At the same time, ranchers in the West are rounding up, selling and shipping feeder cattle. However, weather conditions vary from one year to the next and this together with the flexibility of most livestock operations bring significantly different actions in even heavily seasonal activities.

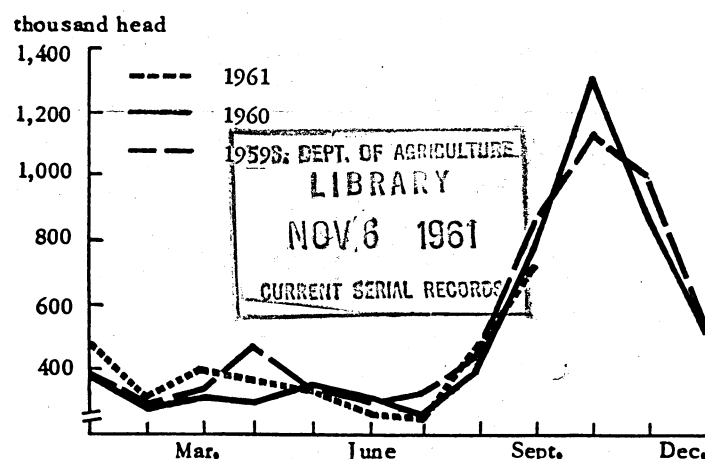
Thus, each new feeding year provides a unique experience for the cattle feeding operation and two notable differences are apparent this year. First, prices of feeder steers reached a seasonal price low in July and have been above last year's levels since August. This is in contrast with lows in October last year and in December 1959. Second, shipments of feeder cattle were somewhat higher earlier this fall than in 1960 but somewhat smaller than in 1959.

FEEDER STEER PRICES
average of good and choice 500-800 lb.
at Kansas City



One important element in the strength of feeder cattle prices last fall and again this summer and fall has been the excellent conditions in the southwestern wheat areas. With the necessity of removing any lush growth of wheat pasture in the fall to obtain maximum yields the following year, wheat farmers can afford to outbid the Corn Belt feeder for stocker cattle. An additional factor this year is that wheat acreage does not have to be reduced for compliance with the new program until late next spring, therefore, wheat growers may graze all available wheat pasture during the winter.

FEEDER CATTLE AND CALVES RECEIVED
8 Corn Belt States



Shipments of feeder cattle into eight North Central states in October dropped 7 per cent below last year bringing the total since midyear within 2 per cent of the 1960 total. In the three months of July, August and September, the three western Corn Belt states of Iowa, South Dakota and Nebraska reported an increase in total shipments of more than 20 per cent—enough to offset the decline in the other states.

Cattle on Feed by Weight

	October 1 1960	October 1 1961	Per cent change
	(thousand head)		
Under 500 pounds	315	372	+18
500-699 pounds	991	1,039	+5
700-899 pounds	1,767	2,001	+13
900-1,099 pounds	1,690	1,785	+6
1,100 pounds and over . . .	364	354	-3
Total, 26 states	5,127	5,551	+8

Cattle on feed on October 1 provide a clue to marketings and prices of fed cattle in the months ahead. Since there is only a 4 per cent increase in cattle weighing over 900 pounds in feed lots compared with year earlier, prices of fed cattle may strengthen into the early winter. However, a 13 per cent increase in the number of cattle on feed weighing 700 to 899 pounds would indicate large marketings and pressure on fed cattle prices in the late winter and early spring.

Research Department