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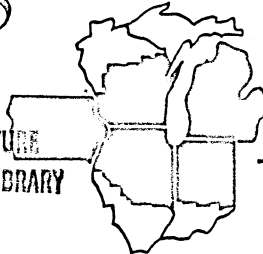
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Agricultural Letter



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CATTLE PRICES have been relatively low throughout most of 1963. During the past nine months, choice grade cattle at Chicago averaged about \$3 below the corresponding period in 1962. Choice 900-1,100 pound steers currently are selling at Chicago for about \$24.30 per hundredweight—nearly \$5 below the relatively high level at this time last year.

Larger numbers of animals slaughtered have contributed to the lower prices but the increase in the average weight per animal has been equally important.

Beef production under Federal inspection from January through September was 8 per cent above last year. During this period, the number of cattle slaughtered was up less than 5 per cent while the average dressed weight was about 3 per cent above the corresponding year-earlier period. Although slaughter weights now are declining seasonally, they are still considerably higher than last fall.

The total number of steers marketed at 12 major markets in September increased 23 per cent from September 1962 but total live weight was up nearly 30 percent. The average slaughter weight per head in September at the 12 major markets was 1,127 pounds or 57 pounds more than in the same month a year ago.

Most of the over-all increase in beef production has come in the top grades—prime and choice. During September, production of choice beef was 45 per cent above year earlier. Consequently, the price spread between lower and higher grades has narrowed.

Prices of standard, commercial and utility steers at 12 major markets averaged \$2.62 below last year during September. In comparison, good steers averaged nearly \$4 below last year, choice ones more than \$5 lower and prime steers nearly \$8 lower. As a result, choice cattle were selling for only 48 cents below prime grade compared with a difference of more than \$3 a year ago. The same margin exists between choice and good grades.

Since the cost of additional gains in live weight increases as cattle become heavier—especially at weights above 1,100 pounds—the extremely small premium received for the higher grades indicates that profits have not been increased this year by feeding to heavy weights. Furthermore, current prospects indicate that there is little incentive to carry cattle to heavy weights during the remainder of the year.

The number of cattle on feed in October in the 28 major feeding states was estimated to be a record 6.7 million—topping the year-ago figure by 10 per cent. Corn Belt farmers have nearly 9 per cent more cattle on feed than last year. All states in this region experienced increases from year earlier except Illinois where the total

was unchanged. Iowa, the leading cattle feeding state, had 8 per cent more cattle on feed than in October 1962 and Nebraska had a 6 per cent increase. Western states showed an over-all rise of 8 per cent from last year.

The expansion in feedlot numbers stems primarily from delayed marketing of cattle rather than increased inshipment of feeder cattle. Placements of feeder animals in feedlots in 12 Corn Belt states during the second quarter were down about 2 per cent from the same period last year and feeder placements in the western states were only 1 per cent higher than last year. Consequently, a large proportion of cattle on feed in early October was stock that had been on feed for some time.

Heavy Cattle on Feed Show Sharp Increase

Weight group (pounds)	October 1962 (thousands)	October 1963 (thousands)	Change (per cent)
Under 500	539	527	-2
500 - 699	1,271	1,230	-3
700 - 899	2,310	2,463	+7
900 - 1,099	1,741	2,154	+24
Over 1,100	282	365	+29
Total, 28 states	6,143	6,739	+10

The increases from a year ago were in the heavier weight groups. Cattle in the 900-1,100 pound range increased 24 per cent and heavy cattle—1,100 pounds and over—showed a 29 per cent increase. Furthermore, the number of cattle and calves on feed for from three to six months increased 19 per cent and those on feed for over six months were up 21 per cent.

Therefore, continued large marketings of slaughter cattle during the remainder of the year appear almost certain. Fourth quarter marketings are likely to be about 15 per cent above the corresponding year-earlier period, according to U. S. Department of Agriculture estimates. As a result of the larger slaughter and expected heavy slaughter weights, fed cattle prices will likely average near or below those of recent weeks—around \$4 to \$5 less than during the fourth quarter of last year when choice steer prices at Chicago averaged about \$29 per hundred-weight.

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