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Federal Reserve Bank of Chicago - -

February 28, 1964

LIVESTOCK AND POULTRY on farms on January 1, 1964, numbered about 1 per cent more than on the first day of last year. The combined gain, as measured by the index of livestock and poultry, brought total numbers to within 1 per cent of the record high established during World War II. Substantial increases in the number of beef cattle and a moderately larger inventory of chickens, coupled with only moderate declines in other animals, points toward a further boost in the total production of livestock products as the year unfolds.

The slight overall rise in number of livestock was accompanied by a sharp drop in their total value as average values per head declined for cattle, hogs and turkeys. The aggregate value of all livestock and poultry as of January 1 (at the then-prevailing prices) was estimated at \$15.3 billion or 9 per cent below the record 1963 valuation. The important livestock producing states of the Seventh Federal Reserve District experienced a somewhat larger-than-average drop in livestock inventory values. The value of livestock and poultry in Iowa dropped \$215 million or 15 per cent from January 1963 and the value in Illinois declined \$94 million or 12 per cent.

Cattle numbers increased for the sixth consecutive year in 1963, moving up from 103.7 million cattle and calves a year-earlier to a record 106.5 million head on January 1 of this year. All of the increase came in beef cattle—dairy cattle declined for the tenth successive year. Cattle numbers totaled 14 per cent more on January 1 than on the same date in 1959, the initial year of the current cattle cycle. Beef cattle numbers have risen 16.2 million head or 26 per cent, while dairy cattle declined 3 million head or 10 per cent during this period.

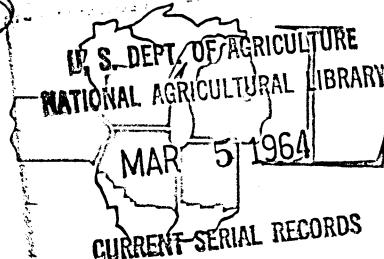
The gain of nearly 3 million head of cattle during the past year occurred concurrently with a record number of slaughter steers and heifers. Steer slaughter under Federal inspection rose 9 per cent from the 1962 level and heifer slaughter was up nearly 9 per cent.

Cow and calf slaughter, however, edged down in 1963 from the relatively low levels of the year before. Federally inspected slaughter of cows dropped 2 per cent from year-earlier and the total slaughter for the year for calves was about 9 per cent below 1962.

This was the lowest annual calf slaughter since 1918 and a continuation of the long-term downward trend in calf slaughter. This in turn reflects the decline in dairy cow numbers and the further switch by farmers to the fattening of beef cattle. Calf slaughter declined in 1963 even though the number of calves born was nearly 2 per cent larger than year-earlier and the largest calf crop since 1955.

Relatively favorable weather in most of the western states, which provided favorable grazing conditions and adequate feed supplies, apparently was the major factor contributing to the increase in cattle inventory. Also,

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even though dairy cow numbers continued to decline, the decrease was less than in other recent years. As a result, cows two years and older (including dairy cows), rose nearly 3 per cent to the largest number since 1955. Furthermore, heifers one to two years old increased about 1 per cent.

The larger basic breeding herd indicates a probable further increase in inventory during the coming year. With cattle numbers at such high levels, however, a severe drought and short feed supplies or the discouraging effects of the current low prices for fed cattle could touch off a liquidation of cattle.

Beef Cattle Numbers Rise
(estimated number on farms January 1)

	1962	1963	1964	Change 1963-64 (per cent)
	(millions)			
Beef cows.....	28.3	29.9	31.8	-6
Beef heifers.....	7.3	7.9	8.3	+5
Beef calves.....	22.1	23.3	24.4	+5
Beef steers.....	11.1	12.1	12.5	+3
All beef cattle....	70.5	75.1	78.8	+5
Dairy cows.....	29.6	28.7	27.7	-3
All cattle.....	100.0	103.7	106.5	+3
Hogs.....	57.0	58.9	56.0	-5
Sheep and lambs...	31.3	29.8	28.2	-6
Chickens.....	368.5	366.8	370.5	+1
Turkeys.....	6.5	6.5	6.3	-2

Hog numbers were 56 million—5 per cent below year earlier—or about in line with the total expected on the basis of an earlier survey (December 1963). At that time, farmers reported plans to farrow about 4 per cent fewer pigs during December through February and about 6 per cent less in the March-May period. If farmers follow through on such intentions, marketings of hogs are likely to run below year-earlier levels throughout most of the remainder of 1964.

Chickens in egg laying flocks totaled about 1 per cent more than in 1963. The number of hens and the number of pullets each was up 1 per cent, indicating that egg production through at least the first half of 1964 will probably be slightly larger than during the corresponding year-earlier period.

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