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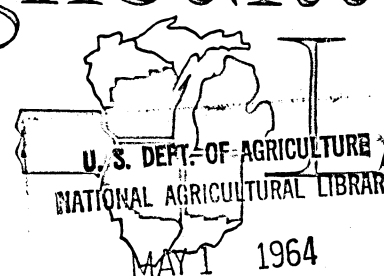
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Federal Reserve Bank of Chicago - -

April 24, 1964

Agricultural Letter



Number 749

CATTLE FEEDERS appear to be in for continued low prices for fed beef, judging from the recent "on feed" report. Cattle and calves on feed as of April 1, 1964, totaled 8.3 million head or 1 per cent more than on the corresponding date a year earlier, and the largest number ever reported for April. Both Corn Belt and western feeders reported increases.

This gain—especially the sharp rise in the heavier weight groups—came as a surprise to many observers. Marketings of cattle for slaughter during the first quarter were well above those that had been anticipated on the basis of reported intentions of farmers on January 1. Consequently, it was thought that most of the heavy animals had been marketed.

Cattle feeders had indicated at the beginning of the year that they intended to market about 6 per cent more cattle during the first three months than they had marketed a year earlier, but receipts at 14 major markets exceeded those during the same quarter of 1963 by about 10 per cent. Furthermore, the number of cattle marketed that were graded choice and prime was 29 per cent above the corresponding year-earlier period.

It was generally believed that these heavy marketings had set the stage for subsequent price increases. Placements of cattle in feedlots during the first quarter, however, rose sharply as compared with the same period of 1963. Placements in the western states increased 20 per cent from year-earlier levels and those in the Corn Belt states were up 23 per cent. The sharp increase in the Corn Belt states reflects the large numbers of feeder cattle shipped into the Midwest during the first part of 1964—up 48 per cent in January and February from the total for the same two months a year earlier. In addition, some of the cattle shipped into these states during the last quarter of 1963 apparently were placed on feed during the first quarter of this year.

Furthermore, the cattle moving into the Corn Belt states in the past few months and subsequently placed on feed appear to have been heavy animals. The number of cattle on feed weighing 1,100 pounds or more, while accounting for only about 7 per cent of the total number, was 16 per cent above a year ago. Furthermore, the number in the 700-1,100 pound groups increased from about 4.1 million head to about 4.4 million—up about 8 per cent.

Cattle and calves on feed weighing less than 700 pounds were about 8 per cent below the level of April 1963.

CURRENT SERIAL RECORDS

Number of Heavy Weight Cattle on Feed Continues Large

Weight groups (pounds)	April		Change (per cent)
	1963 (thousand head)	1964	
Under 500	674	595	-12
500-699	2,929	2,728	- 7
700-899	2,266	2,473	+ 9
900-1,099	1,811	1,923	+ 6
Over 1,100	470	546	+16
Total, 28 states	8,150	8,265	+ 1

Cattle in Corn Belt feedlots on feed for less than three months as of April 1 totaled 23 per cent more than on the same date a year earlier. Western ranchers reported a 19 per cent increase. On the other hand, the total number of cattle on feed from three to six months showed a decline of 9 per cent from April 1963 and those on feed for more than six months showed a decrease of about 7 per cent.

In view of the large numbers and heavy weights of feeder placements during the first quarter of 1964, marketings of cattle for slaughter during the next few months will probably continue above the year-earlier levels.

Marketing intentions for the second quarter reported on April 1 by cattle feeders were 6 per cent greater than fed cattle marketings during the corresponding period of a year ago. Corn Belt feeders indicated that they intended to market about 8 per cent more than last year while western cattle feeders expected to increase their marketings 4 per cent.

On the brighter side, competition from pork will probably not be as great as last year because hog marketings are expected to continue below 1963 levels. It is unlikely, however, that this will offset much of the downward pressure on cattle prices.

Roby L. Sloan
Agricultural Economist

FARM BUSINESS CONDITIONS

FEBRUARY 1964

I T E M S	1964		1963
	February	January	February
PRICES:			
Received by farmers (1957-59=100)	99	101	100
Paid by farmers (1957-59=100)	107	107	106
Parity price ratio (1910-14=100)	77	78	78
Wholesale, all commodities (1957-59=100)	100	101	100
Paid by consumers (1957-59=100)	108	108	106
Wheat, No. 2 red winter, Chicago (dol. per bu.)	2.21	2.24	2.11
Corn, No. 2 yellow, Chicago (dol. per bu.)	1.22	1.24	1.21
Oats, No. 2 white, Chicago (dol. per bu.) .....	.70	.75	.76
Soybeans, No. 1 yellow, Chicago (dol. per bu.)	2.70	2.78	2.69
Hogs, barrows and gilts, Chicago (dol. per cwt.)	14.75	14.81	15.25
Beef steers, choice grade, Chicago (dol. per cwt.)	21.34	22.61	24.93
Milk, wholesale, U. S. (dol. per cwt.)	4.27	4.34	4.17
Butterfat, local markets, U. S. (dol. per lb.) .....	.59	.58	.59
Chickens, local markets, U. S. (dol. per lb.) .....	.14	.14	.15
Eggs, local markets, U. S. (dol. per doz.) .....	.35	.38	.37
Milk cows, U. S. (dol. per head)	210	209	215
Farm labor, U. S. (dol. per week without board)	--	48.00	--
Factory labor, U. S. (dol. earned per week)	101.15	99.90	97.20
PRODUCTION:			
Industrial, physical volume (1957-59=100)	128	127	119
Farm marketings, physical volume (1947-49=100)	114	159	109
INCOME PAYMENTS:			
Total personal income, U. S. (annual rate, bil. of dol.)	478	478	453
Cash farm income, U. S. (annual rate; bil. of dol.)	--	41	38
EMPLOYMENT:			
Farm (millions)	3.9	4.0	4.0
Nonagricultural (millions)	64.1	63.2	62.3
FINANCIAL (District member banks):			
Demand deposits:			
Agricultural banks (1957-59=100)	107	110	107
Nonagricultural banks (1957-59=100)	104	102	104
Time deposits:			
Agricultural banks (1957-59=100)	169	168	150
Nonagricultural banks (1957-59=100)	185	183	161
¹ Based on estimated monthly income.			

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