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UNITED STATES DEPARTMENT OF AGRICULTURE
Agricultural Marketing Service

THE OUTLOOK FOR MEAT ANIMALS IN 1961

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Livestock production and slaughter in 1961 will show modest gains over 1960. A sizable increase in cattle and calf slaughter seems assured although slaughter will probably not be large enough to halt the uptrend in numbers. Hog production is turning upward and the total number to be slaughtered next year will probably be as large or larger than this year. Sheep and lamb slaughter next year will likely be close to this year.

Total red meat production will set a new high next year. The outlook is for meat production to increase enough during 1961 to supply each consumer with about 4 pounds more meat than during 1960. The increase will be mostly in beef. Pork supplies will be less plentiful during the first half of next year than a year earlier. In the second half of 1961 pork output will push above a year earlier if the 1961 spring pig crop is expanded as now seems likely. Pork supplies per person for the year as a whole will likely be close to the 64.5 pounds in prospect for 1960. Veal supplies (which includes calf) per person will be up moderately but less lamb and mutton is likely. Hence, red meat consumption per person will likely total about 165 pounds next year, second only to 166.7 pounds consumed in 1956.

Barring unfavorable pasture feed conditions, cattle numbers are expected to continue upward next year. In the preceding cycle, numbers increased for 7 years, rising 26 percent during the upswing. Numbers have been increasing for 3 years in the current cycle and will have added about 12 percent by next January. (This number may change slightly by revisions based on the 1960 Census of Agriculture). The recent increase in cow and calf slaughter indicates the buildup is easing off.

Total cattle and calf slaughter next year will probably be about 10 percent larger than this year. It will include more fed cattle but most of the gain will be in non-fed cattle and calves. Cow slaughter is expected to pick up noticeably in 1961, both in absolute numbers and relative to inventories. The reduced culling rate in the past 3 years has probably resulted in a considerable number of aged cows being retained in the breeding herd. The number of heifers available for replacing these cows has expanded sharply. Moreover, declining calf prices have lowered the incentive for retaining aged cows.

Calf slaughter has set new lows relative to supplies during the current cycle, due largely to the greater increase in beef calves. A larger proportion of beef calves are slaughtered as cattle and a smaller part as calves. Calf slaughter usually shows a sharp jump in the third or fourth year of the cycle after significant inventory increases in older cattle. In view of the large number of young stock already added to inventories, it appears likely that slaughter next year will be up more than the expected increase in the calf crop. However, producers will still retain a considerable number of calves for further feeding or breeding and only a moderate gain in calf slaughter seems the most likely prospect for 1961.

Cattle prices rose rather steadily during 1957 and early 1958. Prices then held relatively steady for about a year before turning downward. The average price to farmers for beef cattle reached \$24.40 per 100 pounds in May 1959. This compares with \$21.80 in May this year and \$19.10 in October.

A severe cyclical break in cattle prices does not appear likely in 1961. However, under pressure of increased marketings, cattle and calf prices will continue to trend downward in 1961. For the year as a whole the decline may not average greatly different than the reduction during 1960. Lower grades of slaughter cattle, however, may show more price weakness than other classes, and downward pressure on all classes will likely be greater in the last half of the year than in the first half.

During the last 20 years cattle numbers have increased about as fast as population. Beef and veal production has trended sharply upward, because of increased output per animal on hand. Briefly, the increased production per animal has been due to raising more calves to mature animals and feeding to heavier weights before slaughtering. Lighter average slaughter weights next year may offset part of the increase in numbers slaughtered.

Hog slaughter for the remaining months this year will be well below a year earlier. Commercial slaughter the first 9 months was 2 percent larger than a year before, but slaughter for the year will total about 4 percent less than in 1959. Hog prices have been above a year earlier since June and for the year will probably average about a dollar per 100 pounds higher than the \$14.10 received by farmers last year.

Hog production is apparently turning upward again after a one-year decline, the quickest turnabout on record. In September producers in 10 of the Corn Belt States planned to increase late fall and early spring farrowings. The outlook for hogs is based on this increase in supply already underway and prospects for a modest increase in the entire 1961 spring pig crop.

Hog slaughter in the first half of 1961 will likely fall a little short of this year but the difference from year earlier levels may be small by midyear. Hog prices will probably decline less than usual this fall and prices at the beginning of 1961 will be considerably above early 1960 prices. This difference will narrow during 1961 and by midyear prices are expected to be close to a year earlier.

The supply of hogs during the last half of next year will come largely from the 1960 spring pig crop. The 10-State intentions in September were for a 4 percent increase in farrowings in the first half of the spring season (December-February). Feed supplies are large and the hog-corn price ratio favors an expansion. Hence, it appears likely that the entire 1961 spring crop will also be a little larger. A larger spring crop would mean that hog prices next summer and fall would average somewhat lower than this year but prices for next year as a whole will probably not average greatly different from this year.

Production of lamb and mutton has also gained more during the past 10 years than have numbers. The increase in productivity is due to higher lambing ratios, lower death losses, and heavier slaughter weights. The uptrend in lamb and mutton production has about matched population growth resulting in a relatively stable consumption rate per person.

Slaughter of sheep and lambs the first 9 months this year has been about 4 percent greater than a year earlier. If slaughter in the final quarter continues above last year as expected, slaughter for the year may be large enough to interrupt the 3-year uptrend in numbers. Weather conditions will continue to be an important factor in sheep production next year but the most likely prospect is for numbers to show little change during 1961. If slaughter does not change much, prices next year will likely be close to or only a little below this year.

Average retail meat prices have generally advanced this year due to gains in pork prices. In September this year, the BLS index of retail meat prices was 115.8 (1947-49 = 100), slightly below a year earlier but 5 percent below September 1958. For the year as a whole 1960 retail meat prices will average below 1959. Consumption is up, however, resulting in a retail value for meat nearly unchanged from 1958 and 1959 values. Since disposable personal incomes have risen, the percentage of the consumer's dollar spent for meat declined. The retail value of all meat was equivalent to 5.0 percent of disposable income in 1958, 4.8 percent in 1959 and this year about 4.6 percent.

Demand for meat is expected to continue strong next year. The increased quantities of meat produced next year will move into consumption at somewhat lower prices. As these factors may be nearly offsetting, the retail value of meat consumed per person next year probably will be close to this year. But it will likely represent a smaller percentage of incomes.

Livestock producers have a great potential for increasing output. They currently have the physical assets of large feed supplies, basic productive stock and other facilities for expanding production. They also have the knowhow. Relatively favorable prices--which will continue to be the governor as well as the generator for future production--are resulting in increases in the number of meat animals being produced. Ample meat supplies are desirable from a nutritional point of view and over the long-run are probably of mutual benefit to consumers and producers. However, in the shorter-run when supplies become excessively large, meat animal prices at the farm suffer sharp declines.

This appraisal points up the possible dangers in the longer-run outlook. Beef consumption is currently a near-record rate and will likely set new highs in the next few years. The effect of increased supplies on prices probably cannot be pinpointed too closely, but the price depressing force is certain. The relatively favorable outlook for hogs in 1961 also carries with it a word of warning. In recent years hog production has usually increased for 2 years before turning downward. Should favorable conditions lead to a much sharper increase in hog production for 1961 than now seems likely or a continued increase in 1962, pork supplies per person could again be pushed up to the 68-70 pound mark--a level that led to significantly lower hog prices in 1955 and 1959. The danger of overproduction is accentuated by a probable increase in beef and veal.

Hence, the Outlook for 1961 is for moderate changes in production and prices. But producers should be alert to the serious depressing effect that may be exerted on prices if production continues to outrun population growth.