FEED GRAINS AND MEAT ANIMALS 1950-54

By C. W. Crickman

Under the favorable level of business activity assumed for the 1950-54 period, the outlook for meat animals and feed grains would be better than the outlook for any other major group of farm products. Consumers would be able to continue to pay relatively high prices for large quantities of meat. High prices for meat would be reflected in high prices for meat animals and for feed grains.

The scarcity element that has been evident in the 1947-48 prices of meat animals probably would be eliminated by then; but, even so, the index of prices received by farmers for the production expected at that time would probably be at least 300 (1909-14 = 100). That would be lower than the index of 340 in 1947 and 400 in mid-1948; yet, in terms of prices farmers would probably be paying for commodities they would buy, it would be only a small real reduction from the extraordinary levels that have prevailed in 1947-48.

Because the production of beef and lamb would expand more slowly than the production of pork, prices for cattle and lambs would be relatively higher than the prices for hogs. Prices received by farmers for beef cattle during the 5-year period probably would average as high or slightly higher than the 1947 farm price of $18.50. Prices of lambs also might average about the same in 1950-54 as in 1947--when they averaged $20.50. When incomes are high, prices of lambs normally are closely related to general meat prices, and especially to the prices of beef. But prices of hogs probably would average 15 to 20 percent lower than the 1947 price of about $24.

A strong demand for meat animals, and for other livestock products, would support an active market and fairly high prices for feed grains. But the index (1909-14 =100) of feed-grain prices would not average so high as the index of meat animal prices. In years of average supplies, prices of feed grains would probably be about 100 percent of the parity price in 1950-54, as defined in the Agricultural Act of 1948. In years of above-average supplies, prices of feed grains might be below parity. But only an extremely large crop would decrease prices enough to make farmers very much interested in extensive Government storage operations throughout a crop year.

Continued prosperity would encourage farmers in the principal corn-producing areas to shift further to cropping systems which include more small grains and grasses or legumes and less corn and soybeans. In the northern Plains and Mountain States, the acreage of both oats and barley probably would be increased as part of the readjustments that seem to be ahead for wheat. Better winter varieties of oats and barley for the South will contribute to increased expansion of the acreage of small grains in that region, where oats now produce more feed than corn does, per acre, in many sections. The acreage of sorghums probably would increase where sorghums compete with wheat for the use of cropland. Thus in comparison with the 1944-48 average,

the indications are that, by 1950-54, the harvested acreage of corn might be about 2 million acres less; the harvested acreage of oats might be 1 million acres more; and the harvested acreage of barley as much as 2.5 million acres more. The total acreage of sorghums probably would fluctuate around 15 million acres, with about half of the crop harvested for grain.

The total acreage of feed grains thus would average about the same in 1950-54 as in 1944-48. But the normal expectancy for total production of feed grains would be greater because further increases in yields per acre seem almost certain. They will come from better rotations, wider use of new improved varieties of seed, increased use of fertilizer, use of sprays for weed control and better tillage machinery. The prospective annual supply of feed grains and other concentrates, available for feeding livestock in 1950-54, would be about 127 million tons, or about 6 million tons more than the average in 1946-48.

The large supplies of feed and the continued favorable prices for meat animals would encourage livestock producers to reverse the recent downward trend in meat production. Hog producers would be the first to respond. Conditions now are favorable for a considerable increase in the pig crop in 1949. Further increases probably will follow in 1950, if the 1949 corn crop is average or better. Then during 1950-54, if the weather is average, there would be enough feed for raising an average annual pig crop of 100 million head, which would provide an annual slaughter of about 87 million hogs.

Cattle and sheep producers, on the other hand, are likely to continue reducing the numbers on farms for at least another year; then they may start rebuilding their herds and flocks. If the turn in the cattle and sheep cycles occurs in 1950, as now seems likely, numbers on farms probably would reach 77 to 78 million head of cattle and calves, and 33 to 34 million head of sheep and lambs, by the middle of the 1950-54 period. Annual marketings from herds totaling that size throughout the United States would be about 29 million head of cattle and calves, and 14 million head of sheep and lambs. The number of cattle and calves on farms probably would reach 82 million by 1955. Prospective feed resources in the United States, considering the downward trend in workstock, would support between 90 and 95 million head of cattle and calves at that time.

At the midpoint of the period the per capita annual output of meat available for the United States population of 152 million people would be about 150 pounds--a little more than in 1948, but less than the average for 1944-47. Pork would constitute about 54 percent of the total compared with an average of 48 percent during 1944-47.

Under the less favorable conditions of business activity assumed, the prices of meat animals and feed grains would be considerably lower, because the relatively strong consumer demand for meat would shift to a relatively weaker demand for meat as the incomes decreased. Thus, prices of meat animals probably would drop farther below their high-demand level than would the index of prices received for all farm products. The index of

prices of meat animals probably would average about 220 (1909-14 = 100), compared with 300 or more under the higher-demand assumption. A drop of 80 points in the index would be equivalent to a reduction of $4 to $5 in the prices per hundredweight of meat animals. Prices of beef cattle probably would decline somewhat more than the prices of hogs, because the preference of consumers for beef, which is evident when their incomes are high, would not be so effective as their incomes decrease. On the other hand, prices of lambs might be relatively higher than those of other meat animals. Prices of lambs fell less than prices of other meat animals in the depression of the 1930's.

These prices of meat animals would still be relatively more favorable to farmers than those of most other farm products. The index of 220 meat animals would be 45 points higher than the index of 175 assumed for all farm products. It would be 113 percent of parity as now calculated. In 1937-41, the index of meat animal prices averaged 96 percent of parity.

Prices for feed grains also would be lower. How much lower would depend on the size of the corn crop and the extent to which price-support operations are used. If the corn crop in individual years is not much larger than the estimated average of 3 billion bushels, the index of feed-grain prices would probably be about 150 to 160 (1909-14 = 100). As the index of prices paid, interest, and taxes is assumed to be 195, feed-grain prices would be about 80 percent of parity. According to terms of the Agricultural Act of 1948, a "normal" corn supply is equivalent to minimum loan rates of 75 percent of parity when acreage allotments are not in effect. Under those conditions, the price for an average crop would be higher than minimum loan rates.

But if the corn crop in one or more years should be much above 3 billion bushels, prices of feed grains in those years would be substantially lower than average; in their first year they would fall to the loan rates, which would be 60 to 75 percent of parity. After a year or two of extremely large supplies, acreage allotment probably would go into effect and this would raise minimum loan rates 20 percent--within the maximum of 90 percent of parity--to cooperating producers.

Production of feed grains will tend to stay high during the next few years even though prices of feed grains and meat animals should fall as indicated. The influences making for increased yields per acre would weaken some because some improved practices, such as the use of commercial fertilizer, would vary with the price of the product. But farmers in the principal corn-producing areas probably would not make so much downward adjustment in the acreage of corn as would be expected under the higher level of business activity. The upward push on acreage would probably offset the downward pull on yields.

Production of meat animals, however, probably would increase less than was estimated for the higher level of business activity. Hog production probably would fluctuate more, and there would be some Government storage of corn which would be reflected in a slightly smaller average pig crop--perhaps 96 million pigs compared with the estimate of 100 million under

favorable conditions. Cattle and calf slaughter would not be quite so large because herds, especially dairy herds, probably would be rebuilt faster than they would under better business conditions. Feed resources would favor some expansion in the production of sheep and lambs, but no marked shift from cattle to sheep would be probable unless prices of lambs and wool became very attractive, compared with prices of cattle.

Total annual meat production in 1952 under less favorable economic conditions would be approximately 22.5 billion pounds---about 148 pounds per capita.

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MEAT ANIMALS 1949

By Harold F. Breimyer

Demand for meat animals is derived from consumer demand for meat. We all know that meats, and the livestock from which they are produced, engage wide attention. Meats seem to have joined new automobiles as commodities earnestly sought after by the consuming public. Meat prices made headlines in Washington newspapers several times this year---in February when meats and meat animals joined several other commodities in the biggest price break in a long time, early in October when hog prices dropped, and on several other occasions when the high cost of living was the news. It is not surprising that meats and meat animals are topics of human appeal. Of every dollar the American farmer received from sale of his products in 1947, 30 cents came, on the average, from meat animals. And at the other end of the marketing system, meat takes close to one-fourth of all consumer expenditures for food. Total expenditures for meat exceed expenditures for new automobiles.

The biggest story in the 1949 meat outlook is the abundant feed supply just described by Mr. Clough. Feed prices will be low relative to meat-animal prices. Livestock-feed price ratios for hogs and cattle will be nearly as high as ever before, and feeding margins in dollars will be the largest ever, if present live-animal price levels are approximately maintained.

Yet the large feed supplies can hardly result in much increase in meat output in 1949. The biological facts in raising meat animals to slaughter age will prevent that. Furthermore, meat output in 1949 will be compared with that of 1947 and 1948 when some of the beef and lamb produced from