



ILLINOIS FARM AND FOOD OUTLOOK

COLLEGE OF AGRICULTURE
DEPARTMENT OF AGRICULTURAL ECONOMICS

Urbana, Illinois 61801

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CATTLE NUMBERS UP SLIGHTLY

CATTLE ON FARMS AND RANCHES in the United States on July 1 totaled 140,056,000 head. This was an increase of slightly over 1 million head or just under 1-percent. Last year the increase was 8 million head. This third annual midyear inventory report by the USDA Crop Reporting Board provided some encouragement to the cattle industry. With continued heavy slaughter through the balance of the year, the build-up in numbers may be stopped. This will be a first step in bringing more stability to the industry.

COW NUMBERS STILL UP

Beef cows numbered 46.9 million head, an increase of 1.3 million from last July but less than the 2.4 million increase shown in the January 1 inventory. Commercial slaughter of cows was up about a million head in January through May of this year. Heifers being saved for replacements in the beef cow herds numbered 7.3 million, a reduction of half a million. If cow slaughter continues high as expected through the remainder of the year, cow numbers may not increase this year.

FEEDER CATTLE IN RECORD SUPPLY

Steers of 500 pounds and over were down about 1.1 million head at 17.3 million. However, the number in feedlots on July 1 was 2 million less than last year, still leaving almost a million head more than last summer available. Heifers other than replacements totaled 7.6 million, a 300,000 increase, but the number of heifers on feed was up slightly on July 1 from the previous year. So the added number available for feedlots is only about 200,000 head. Finally, this year's calf crop is estimated to be about a million head, or 2 percent more than last year. With the generally favorable weather and pasture conditions, much of the movement of this record supply of feeder cattle may be late. This could result in declining prices of feeders as the season progresses.

FUTURE PROSPECTS FOR INDUSTRY

Leveling-off cattle numbers may not be enough to bring the industry in balance with the market for beef. It may be that some reduction in total numbers will be necessary, as is rather typical in cattle cycles. Whether this will happen depends on three future developments. One major factor is consumer demand. If the economy

continues to improve and incomes rise, demand will rise. The question is, will this rise in demand be enough to allow the cattle industry reasonable returns at new record supplies of beef per capita? A second factor is feed supplies. Large feed supplies and reasonable prices will be necessary for a return to high levels of cattle feeding. Finally, favorable weather conditions are important. A severe drouth could cause widespread liquidation of herds.

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