



ILLINOIS FARM AND FOOD OUTLOOK

COLLEGE OF AGRICULTURE DEPARTMENT OF AGRICULTURAL ECONOMICS

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SOME IMPROVEMENTS IN THE CATTLE INDUSTRY

SOME OPTIMISM RETURNED TO THE CATTLE INDUSTRY with the recent advance of \$3 to \$4 in the prices of slaughter cattle. In many cases, an even greater rise in the prices of feeder cattle followed. While this is encouraging, it is to be hoped that the return of some optimism does not result in holding cattle to too heavy market weights or buying feeder cattle at unrealistic prices.

Slaughter, while still high, has been holding at near the level of a year ago. The slaughter level is likely to drop slightly under last year's as we move into fall and winter. Cow slaughter will remain high, but will be less than that of 1975. The slaughter of non-fed cattle will probably also decrease.

CATTLE ON FEED REPORT. The recent USDA report of cattle on feed in 23 major states as of October 1 provided further encouragement. The total at nearly 9.3 million was a trifle less than 1 percent under last year's figure. The October report was the first time this year that the numbers have been under those of a year ago. The number of cattle placed on feed was almost 5.7 million, 6 percent less than in the July-September period a year ago. The marketings of fed cattle in the past quarter were about 6.2 million head, 23 percent above a year ago. This was more than the number marketed in the second quarter and only slightly less than the first-quarter figure. An encouraging aspect is that feeders expect to market only 5.5 million fed cattle in the fourth quarter. This would be 11 percent more than the total marketed in that period last year, but considerably less than in the other quarters this year.

Also encouraging is the fact that the number of steers on feed was down 7 percent, while the figure for heifers was up 13 percent. The lower average slaughter weight of heifers will tend to hold down beef tonnage. Discouraging for the present is the average weight of cattle on feed. Steers over 1,100 pounds were up by about 200,000 head, a 71-percent increase from a year ago. On the other hand, this was 21 percent less than the number for October 1, 1974. Hopefully, most of these cattle have now moved to market; but the report still indicates a tendency to try and wait out the market. Steers over 900 pounds combined with heifers over 700 pounds totaled

about 4.1 million, 22 percent more than last year. With a normal schedule, most of these cattle should be marketed by the first of December; then, marketings of fed cattle would be under those of a year ago.

PRICE PROSPECTS. The prices of slaughter cattle during the next month are likely to continue on an erratic pattern, but probably will not show much advance. Pork supplies are very large. The large turkey crop will provide added competition for the holiday season. Again, the slaughter of cows and non-fed cattle will be an important factor in prices, but that total will probably be less than the one a year ago. Some modest advance in prices could occur later in the year. The indication would still be for a relatively favorable year in 1977. Slaughter will still be high, but beef supplies are likely to be slightly lower than in 1976; hopefully, the movement of cattle will be more orderly.

FEEDER CATTLE. Feeder cattle prices have advanced sharply and will continue to be influenced by the prices of fed cattle. Feed prices will constitute another but lesser influence. The movement of feeder cattle may be a cautious affair, with sellers hoping for higher prices and feeders waiting for more favorable prices. However, it seems unlikely that prices of feeder cattle will change very much during the rest of the year. Placements on feed may be relatively slow, which could result in a more orderly marketing pattern next year.

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