



ILLINOIS FARM AND FOOD OUTLOOK

COLLEGE OF AGRICULTURE DEPARTMENT OF AGRICULTURAL ECONOMICS

Urbana, Illinois 61801

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CATTLE UPDATE

THE NUMBER OF CATTLE ON FEED in the 23 major producing states totaled 11.7 million as of April 1. The total is 10 percent above a year earlier, but still about 12 percent below the record level of 1973.

During the first quarter of 1978, the placements of cattle and calves on feed totaled a record 6.48 million--up 15 percent from the first quarter of 1977. More than 7 million fed cattle were marketed during the January-March period, also a record. However, the large increase in fed slaughter was more than offset by a reduction in the slaughter of cows, bulls, and non-fed steers and heifers.

The average dressed weight of the cattle slaughtered during the first quarter was about 5 pounds below the average for the same period last year. As a result, commercial beef production was about 2.5 percent less than last year.

More interesting than the total number of cattle and calves on feed as of April 1 is the mix of those cattle. Of the 11.7 million head on feed, a record 4.3 million were heifers--up 21 percent from last year. Heifers and heifer calves accounted for about 37 percent of the total number on feed, the largest percentage on record.

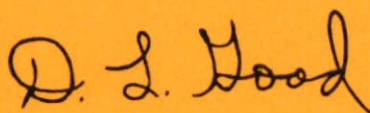
For the second quarter of 1978, feeders indicated intentions of marketing about 6.57 million fed cattle--up about 7 percent from last year. This increase in fed slaughter is likely to be more than offset by a reduction in non-fed slaughter. The relatively high prices being bid for feeder cattle may also result in a reduced rate of cow slaughter.

Fed cattle slaughter is expected to remain above year-earlier levels for the second half of 1978. If summer and fall grazing conditions are good, slaughter declines for cows, non-fed steers and heifers may more than offset the increases in fed beef slaughter. Commercial cattle slaughter for the second half of 1978 could be below the rate during the first half of the year for the first time in at least 30 years.

IMPLICATIONS. A rapid liquidation of the cattle herd over the past 3 years has produced large beef supplies, but reduced the production potential. The availability of beef per capita is expected to decline over the next 2 or 3 years, resulting in continued price strength for cattle.

The pattern of price increases will depend to some extent on cattlemens' decisions about rebuilding the cattle herd. With good grazing conditions and rising prices, cattlemen could be expected to begin holding heifers for rebuilding their herds. If this occurs, beef availability will be reduced in the short run, but the long-term production potential will be increased. However, the April 1 Cattle on Feed report from the USDA indicates that heifers are going to the feed lot rather than into the breeding herd. If this pattern continues, the reduction in beef supplies during 1978 may be relatively modest. Even so, this pattern would also mean that potential beef production for the next several years would be substantially reduced.

How does the commercial go? You can pay now or you can pay later!



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