



ILLINOIS FARM AND FOOD OUTLOOK

COLLEGE OF AGRICULTURE DEPARTMENT OF AGRICULTURAL ECONOMICS

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NUMBER OF CATTLE ON FEED REMAINS HIGH

THE NUMBER OF FED CATTLE COMING TO MARKET during the next 2 months is likely to run about 16 percent above year-ago levels. From the middle of December through next summer, however, fed cattle marketings apparently will exceed year-earlier levels by only 5 to 6 percent.

These projections are based on the USDA's estimate of 11.3 million cattle on feed as of October 1 in the 23 major cattle-producing states. The number of cattle on feed was 16 percent greater than last year, but the increase was not uniformly distributed by weight groups.

There are about 30 percent more cattle weighing 900 pounds or more, accounting for about a third of the total number on feed. Many of the cattle in this weight group have already been marketed. The remainder will be sold before the end of the year. Cattle in the 500- to 900-pound bracket will be marketed during the first half of 1979. The number of cattle in this weight group, which is about 60 percent of the total, increased by only 6 percent from last year. The number of cattle on feed weighing less than 500 pounds increased by 37 percent from a year ago. However, this group accounts for only 8 percent of the total.

The large number of cattle placed on feed from July 1 through September 30 indicates that a very high proportion of the available feeder animals are being placed in the feed lot. Placements of cattle on feed since July 1 totaled 12 percent of the July 1 inventory of all steers and nonreplacement heifers. This compares to 9 percent last year and an average of 8 percent for the previous five years. Placements totaled 21 percent of the July 1 inventory of all cattle weighing less than 500 pounds. Again, this compares to 17 percent last year and a five-year average of 13.5 percent.

The rapid placement rate for cattle on feed means that the supply of nonfed steers and heifers will continue to be well below the levels of recent years. In 1977, the slaughter of nonfed cattle was 17 percent of the total slaughter of steers and heifers. Through the first three quarters of 1978, nonfed slaughter was only 9 percent of the total. Even with large fed-cattle marketings, total beef supplies are smaller than last year.

The USDA's Cattle on Feed report also indicates that the liquidation rate in cattle herds may be slowing down. The number of heifers on feed July 1 was 20 percent greater than last year; but for October 1, the increase was only 11 percent. The number of heifers on feed weighing less than 900 pounds was only 4 percent greater than last year. The slight reduction in cow slaughter in recent weeks may also be an indication of the slowdown in liquidations.

CONCLUSIONS. Supplies of fed beef cattle will be large through the end of the year. However, reductions in nonfed beef will more than offset this increase. A continuation of strong consumer demand for beef should keep live cattle prices near the level of \$55 per hundredweight through the end of the year.

By the first of 1979, the major increase in fed cattle marketings should be past. Large reductions in nonfed slaughter and a stabilization of the cattle herd point to substantial reductions in beef supplies next year. Reduced supplies and a continuation of strong consumer demand are expected to push cattle prices higher in 1979.

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