



# ILLINOIS FARM AND FOOD OUTLOOK

## COLLEGE OF AGRICULTURE DEPARTMENT OF AGRICULTURAL ECONOMICS

Urbana, Illinois 61801

December 6, 1978

### CONSUMER DEMAND FOR BEEF TO BE TESTED SOON

CATTLE PRODUCTION AND BEEF CONSUMPTION have been on a collision course with shortage during four years of liquidation in the national beef herd. The long period with consumption exceeding production appears to be very near its inevitable end. The result of bringing the two into balance will be an upward pressure on beef and cattle prices. How high prices go will depend on the consumer response to the reduced supply.

During the first ten months of 1978, commercial cattle slaughter totaled 33.2 million compared to 34.8 million in the same period of 1977, a decrease of 4.7 percent. Fed slaughter was up 6.5 percent during the same period. Thus, the slaughter of nonfed beef, cows, and bulls was down sharply. Beef supplies for the market have been held at high levels by the large number of cattle moving through feed lots.

The weight breakdown of cattle on feed October 1 can be used to estimate the number of fed cattle ready for slaughter at later times. Steers weighing 1,100 pounds and over and heifers 900 pounds and over on October 1 were up 51.6 percent from the year before. These animals were slaughtered during the first three weeks of October. Steers weighing 900 to 1,099 pounds and heifers 700 to 999 pounds on October 1 were up 15.6 percent from the year before. Those animals will all have moved to market by mid-December. The next category, steers 700 to 899 pounds and heifers 500 to 699 pounds, showed an increase of only 5.5 percent. Those animals will be coming to market between mid-December and April 1.

The November 1 report of Cattle Feed was less detailed but confirmed the schedule of the earlier report. The number of cattle on feed November 1 was up 14 percent from the year before, down from a 23 percent increase on October 1. The number marketed was up 17 percent and the number placed on feed was down 4 percent.

The relatively small reduction in cattle slaughter during the first ten months was associated with sharply higher cattle prices. The average price of Choice steers rose from \$40.96 per hundredweight during January-October, 1977, to \$51.86 during the same period in 1978, an increase of 26.6 percent. The wholesale price