



# ILLINOIS FARM AND FOOD OUTLOOK

COLLEGE OF AGRICULTURE  
DEPARTMENT OF AGRICULTURAL ECONOMICS

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## CATTLE ON FEED INDICATE CONTINUING DECREASE IN BEEF SUPPLY

THE CATTLE ON FEED REPORT FOR 23 STATES RELEASED OCTOBER 18 indicates that market supplies of fed cattle will continue to decrease compared to a year ago. The decline will become larger as time passes. Market reaction to shortage has not been fully tested. The report indicated a total of 9,928,000 cattle on feed compared to 11,347,000 last October 1, a drop of 12.5 percent. The total for October 1 was also down 3.7 percent from July 1.

Short-run supplies, though, are relatively abundant. The marketings of fed cattle during July-September were 5,981,000--down 8 percent from the same period in 1978. Intentions to market during October-December are listed at 5,976,000--11 percent below the year-ago figure. If these intentions materialize, the decrease from a year ago will be greater but the market supply will be just about the same as that of the past 3 months. The fed beef supply that produced cattle prices in the mid \$60 range will continue for the next 3 months.

A lot of cattle were on feed in the heaviest weight brackets (steers 1,100 pounds and over and heifers 900 pounds and over), some 4 percent more than a year ago. But most, if not all, of these cattle had gone to market by the time the report was released.

In the next weight category (heifers 700 to 899 pounds and steers 900 to 1,099 pounds), the total was 3,739,000--down 9 percent from a year ago. These animals will come to market during the next 2 months and will provide a market supply similar to that of the past 3 months.

Middle-weight animals (heifers 500 to 699 pounds and steers 700 to 899 pounds) totaled only 3,110,000. The figure was 3,717,000 a year ago. So the decrease is 16 percent. These animals will be the market supply for late December and early 1980.

The lightweights (heifers under 500 pounds and steers under 700 pounds) were listed at 1,683,000, compared to 2,177,000 last year--a dramatic decrease of 23 percent.

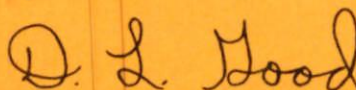
The cattle on feed by weight brackets provide only a fair indicator of the marketing rate. Cattle feeders sometimes accelerate their marketings and sometimes hold them back. Last spring they held back, forcing high prices in the spring but resulting in a crash during the summer when the cattle came to market. The rise and fall in cattle prices was caused by the actions of both cattle feeders and consumers. As beef prices

bushels, are 6 percent larger than last year. Based on harvest results to date, the crop estimate of 7.39 billion bushels may be increased when the November Crop Production report is released.

Corn supplies are ample. If food and industrial uses of corn continue to increase at the current rates, 615 million bushels will be consumed this year. The USDA projects current-year exports at 2.5 billion bushels. Present projections for livestock production suggest another increase of 2 percent in feed use this year. If all these projections materialize, all of the 1979 corn crop will be consumed and the carryover stocks will remain unchanged.

When corn supplies are ample, as we have emphasized before, prices are influenced to a large extent by livestock prices and feeding profitability. Livestock price projections point to an average corn price for the season of about \$2.60 per bushel.

Because the record 1979 corn crop is likely to be used entirely, more corn acreage may be needed next year. Crop prospects for 1980 may have an unusually early influence on prices for the 1979 crop.



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