



# ILLINOIS FARM AND FOOD OUTLOOK

## COLLEGE OF AGRICULTURE DEPARTMENT OF AGRICULTURAL ECONOMICS

Urbana, Illinois 61801

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### WORSENING WEATHER MOVES CATTLE INTO FEEDLOTS

THE DECEMBER CATTLE ON FEED REPORT for seven states shows that 1.8 million cattle were placed on feed during November. That number is about equal to the cattle placed on feed during November of 1978. Given the smaller supply of feeder cattle this year compared to last, the high placement rate during November may be the result of the two severe winter storms that recently swept through the northern Rocky Mountain area and the upper Midwest.

The number of cattle on feed as of November 1 in the seven reporting states totalled about 8 million, or 14 percent less than in 1978. Over 1.8 million cattle (98 percent of 1978) were placed on feed during November, while almost 1.6 million cattle were marketed or were moved out of feedlots. The result was an increase of over 250 thousand cattle in feedlots in those seven states to almost 8.3 million. Thus, there were about 11 percent fewer cattle on feed on December 1 compared to a year ago.

Of the seven states reporting, all showed declines in the number of cattle on feed as of December 1 compared to the same date in 1978. These declines ranged from a decline of 3 percent in California to the drop of 24 percent in Arizona. However, each of the seven states, except Texas, had increases in the number of cattle on feed from November 1 to December 1 of this year. Supporting the idea that bad weather has pushed some cattle into feedlots is the fact that during November, the number of cattle on feed in Iowa increased by over 10 percent. Increases of almost 4 percent in Colorado and Nebraska provide lesser support for the weather hypothesis.

These trends in the seven-state report also support the contention made in our November Outlook Update on cattle that the number of cattle on feed on October 1 actually understated the total number of cattle at feedlot weights. That is, the number of cattle weighing over 500 pounds at the beginning of the year was not accurately reflected in the October numbers for cattle on feed. Instead, cow-calf operators probably have been holding their feeder cattle (particularly steers) on farms and fattening them to heavier weights as feeder cattle prices rose over the fall. Now that bad weather is arriving in the Rockies and the upper Midwest, these cattle should be forced off the farm and into the feedlot.



*SOYBEANS.* Strong demand, both domestically and abroad, was the key to using almost all of last year's record soybean crop at relatively high prices. That strength is apparently continuing into the current marketing year.

The USDA projects an increase of 6 percent in soybean exports over last year. To date, exports are running about 30 percent ahead of last year's pace. However, exports a year ago were small until the last week of October. Still, November, 1978, exports were 14 percent greater than a year ago.

Domestic soybean crush through November totaled almost 20 percent above last year. Like exports, however, the crush rate a year ago was low until the third week of October. For November, soybean crushings were almost 10 percent greater than during November, 1977.

The large crush rate reflects a strong domestic demand for soybean meal and reduced competition from Brazilian soybean meal in the export market. A rebound in Brazil's soybean crop in 1979 is expected to trim our rate of soybean meal exports during the second half of our marketing year. In addition, large world oilseed crops are likely to reduce soybean oil exports and increase the carryover stocks.

Until Brazil's 1979 crop is harvested and processed, however, foreign demand for U.S. soybean meal should remain strong. Coupled with high rates of domestic consumption, this should keep soybean prices relatively high during the first half of the market year. Any major production problems in Brazil this winter or in the U.S. next spring could add substantial strength to soybean prices.

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