



ILLINOIS FARM AND FOOD OUTLOOK

COLLEGE OF AGRICULTURE DEPARTMENT OF AGRICULTURAL ECONOMICS

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NUMBER OF CATTLE ON JANUARY 1 SURPRISINGLY SMALL

CATTLE AND CALVES on farms and ranches January 1 totaled 110,961,000—up 97,000 from the year before. After 4 years of rapid liquidation, the cattle cycle turned upward, but just barely. Most cattle analysts expected an increase of 500,000 to 2 million head. The inventory of beef cows and heifers kept for cow replacement last July 1 indicated an increase in the cattle herd by year's end, but that did not occur. Apparently, some of the heifers intended for cow replacement on July 1 went to market, which may have been a result of the sharp break in cattle prices during the summer.

On January 1, there were 10,810,000 milk cows—essentially unchanged from the 10,839,000 recorded a year ago. This is the first stabilization in the number of milk cows for many years. The January 1, 1965 figure was 15,380,000, with declining numbers every year since then. The heifers kept for milk cow replacements totaled 4,166,000—up 5.8 percent from the first of 1979. The milk cow herd appears likely to increase moderately during 1980.

The figure for the beef cow herd was 36,938,000 on January 1—down slightly from 37,003,000 a year before. Beef heifers kept for herd replacements were recorded at 5,931,000—up 7.5 percent from the 5,517,000 of a year ago. If the slaughter of beef cows is normal during 1980, the herd should increase moderately during the year ahead. That would hold beef production down this year but would add to the beef supply in the following years. The cattle cycle has turned up and the buildup in numbers has started.

The number of cattle available for slaughter in 1980 will be smaller than a year ago. On January 1, heifers other than those kept for herd replacements, steers weighing 500 pounds and over, and all animals under 500 pounds totaled 50,581,000—down 1.1 percent from the 51,167,000 a year ago. In addition to this reduction in availability, there will be fewer cows slaughtered if the herd size is increased.

The commercial cattle slaughter in 1979 was 33,652,000—down from 39,543,000 in 1978. The total was kept from going even lower by a reduction in the calf slaughter from 4,170,000 in 1978 to 2,824,000 in 1979. Calf slaughter has probably reached the minimum consistent with an irreducible demand for veal.

Commercial beef production in 1979 was 21.25 billion pounds—down 11.5 percent from 1978. The reduction would have been even greater had the average slaughter weight not increased from 1,036 to 1,060 pounds per head. Production was down 17.2 percent from the 1976 peak.

During 1979, the proportion of fed steers and heifers in the slaughter mix was unusually high, and many cattle were fed to heavier-than-desirable weights as cattle feeders generally anticipated higher prices. Slaughter weights during the year ahead will be influenced by the price of corn. If corn production in 1980 seems likely to be very high again causing corn prices to decline, cattle may be fed to heavy weights once more, but beef production per animal slaughtered is not likely to be as large in 1980 as it was in 1979.

Beef will have to compete with large supplies of pork, broilers, and turkeys again in 1980. The supplies of competing meats will be larger than they were a year ago during the first half of the year, but about equal to year-ago levels during the second half.

Disposable consumer income is decreasing. This will put downward pressure on beef prices, but that will be more than offset by continued inflation. All of these things add up to rising beef and cattle prices during 1980.

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