



WEEKLY OUTLOOK

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THE NUMBER OF CATTLE IS INCREASING

THE CATTLE REPORT RELEASED BY THE USDA ON JANUARY 30 showed the January 1 inventory at 115 million, up 3.4 percent from 111.2 million recorded a year ago. The higher inventory may result in greater beef production by as much as 6 percent compared to 1980, taking into account the composition of the inventory. An increase of 6 percent would be significantly larger than those of the past two years but well below the record levels of 1976-1978. In comparison with all years before 1975, beef supplies will be abundant during 1981.

The increase of 3.8 million cattle comes from two major sources. First, the number of beef cows was up 1.9 million, or 5.2 percent, indicating a relatively rapid rise in the herd size. This confirmed the relatively rapid turn in the cattle cycle indicated by the inventory 6 months ago. Apparently, last year's drought did not force breeding herds to be liquidated. Second, the number of all cattle weighing under 500 pounds was up 1.5 million as the result of an unusually large calf crop. The 1980 calf crop was estimated at 45.4 million, up 6.5 percent from 1979. The calving rate (number of calves per cow in the herd on January 1) was 95 percent, a record, which probably reflects the relatively mild weather in early 1979 and the young age of the cow herd.

Although most of the increase was in herds of beef cattle, the number of dairy cows turned a notable corner. There were 10.9 million dairy cows on January 1, compared to 10.8 million a year ago. The increase is small, but that is the first one since World War II. The change reflects high milk prices and high profits in the dairy industry.

There were 7.3 million heifers weighing 500 pounds and over other than those kept for breeding herd replacements. The figure last year was 7.1 million. However, the number of steers at 500 pounds and over was 15.6 million, down from the 16 million of a year ago. The number of animals available for slaughter during the next 6 months is moderately smaller than last year. This, together with the increase in cattle weighing under 500

pounds suggests that beef production will be higher during the second half of 1981 than during the first half.

Cattle slaughter this year will be up substantially over 1980 because of the large calf crop. But that is not the only factor. Slaughter will also depend partly on herd increases or liquidations. In the past when herd liquidations have ended and increases have started, as in 1980, they have carried through for several years. If that does not happen, beef production this year will be larger than already indicated. Based on previous experience, we should expect about 1.2 million more beef cows in 1981.

Beef production will depend not only on the number of cattle slaughtered, but also on slaughter weights. The average dressed weight of cattle slaughter from 1975 to 1978 was 596 pounds. The average increased to 631 pounds in 1979 and to 635 pounds in 1980. High feed prices through at least the first 9 months of 1981 and continued high interest rates may result in lower slaughter weights. But the large number of cattle available for slaughter will hold 1981 beef production well above that of 1980.

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