



WEEKLY OUTLOOK

Department of Agricultural Economics
College of Agriculture
University of Illinois at Urbana-Champaign

April 22, 1981

APRIL 1 REPORT SHOWS DECREASE IN CATTLE ON FEED

THE NUMBER OF CATTLE ON FEED in the 23 principal feeding states was 9.8 million head on April 1, down 4 percent from April 1, 1980 and 12 percent from January 1, 1981. The total is the smallest for April 1 since 1975. The number of cattle on feed points to a further reduction in the number of fed cattle that will be available for slaughter during the next six months.

About 5.2 million head were placed on feed during the January-March quarter, a number almost equal to that for the same period a year ago. Based on this comparison we should expect the marketing of fed cattle during the July-September quarter to be close to year-ago levels.

On January 1 cattle feeders said they intended to market 6.3 million head during January-March. They actually sold only 6.0 million. This is another repetition of a story that has become old. Feeders have marketed up to their intentions in only one quarter (July-September, 1980) out of the last eight. The result was a disproportionately large number of heavyweight steers and heifers in feed yards. These heavy cattle should have now cleared the market, but they may have been replaced by more heavyweights. The average weight of federally inspected slaughtered cattle during the first quarter of 1981 was 1,101 pounds, compared to 1,095 during the first quarter of 1980 and 1,064 in 1979. A part of the reason for the large market supplies of beef is that feeders are still holding cattle to high weights. This pattern, which has continued in spite of high interest rates, high feed costs, and large discounts on yield-grade-4 cattle, can be attributed only to overoptimism about future prices. It is acting to hold cattle prices down.

Approximately half of the steers from 700 to 899 pounds, all of the steers weighing 900 pounds or more, and all of the heifers weighing 700 pounds or more should be ready for the market during the April-June quarter. The number of cattle in these weight groups totaled 5.7 million, compared to 6.6 million on January 1 and 5.9 million on April 1, 1980. Fed cattle marketings should decrease sharply during the next three months. Cattle feeders indicated intentions to market 5.5 million during the April-June

STATE • COUNTY • LOCAL GROUPS • U.S. DEPARTMENT OF AGRICULTURE COOPERATING

THE ILLINOIS COOPERATIVE EXTENSION SERVICE PROVIDES EQUAL OPPORTUNITIES IN PROGRAMS AND EMPLOYMENT.

quarter, which is consistent with the number of heavyweight cattle on feed. If the intentions materialize, marketings will be down 2 percent from the same period a year ago. More important, the rate of marketing will be down 8 percent from January-March.

The number of cattle on feed is not the only factor that will affect beef supplies during the months ahead. The slaughter of nonfed steers and of steers and heifers has been large during the past year. The number of cattle not on feed that can be slaughtered is moderate. The animals from the very large 1980 calf crop will not be available until the second half of the year. As ranges improve, the slaughter of nonfed cattle may decrease during the next three months.

The reduced number of cattle on feed and the potential for reduced slaughter of nonfed cattle can result in sharply lower beef availability and higher prices. The March Hogs and Pigs report indicated a sharp cut in pork supplies beginning about May 1. Although wholesale beef prices have increased recently, they remain close to year-ago levels and below those during the spring of 1979. In addition, wholesale beef prices are low relative to pork prices.

The stage is set for a gap in beef supplies and good consumer acceptance that may put cattle prices sharply higher. It should be kept in mind, however, that this gap in the supply is only temporary and that the large production of beef from the 1980 calf crop will come to market during the second half of the year.

Prepared by T.A. Hieronymus, Professor of Agricultural Economics, Emeritus.

Darrel Good

Issued by *Darrel Good*, Extension Specialist, Prices and Outlook

Cooperative Extension Service
United States Department of Agriculture
University of Illinois
At Urbana-Champaign
Urbana, Illinois 61801

Official Business
Penalty for private use, \$300

POSTAGE AND FEES PAID
U.S. DEPARTMENT OF
AGRICULTURE
AGR 101

