



# WEEKLY OUTLOOK

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## CATTLE POPULATION IS INCREASING SLOWLY

THE SEMIANNUAL CATTLE INVENTORY, released July 27, and the 23-states cattle on feed report, released July 20, indicate a slowing in the rate of increase in the cattle population. While beef production will continue to rise during the second half of 1981, beef production during 1982 may be about equal to 1981. The increase in cattle production that started in 1980 may be short-lived.

The total inventory of cattle and calves on July 1, 1981 was 125 million head, up 1.6 percent from July 1, 1980; the increase from July, 1979 to July, 1980 was 3.9 percent. The peak July 1 inventory was 140.2 million head in 1975. There was a 15.5 percent decrease during the four years from 1975 to 1979 and a 5.5 percent increase during the past two years.

The number of beef cows and heifers that have calved is the best indication of herd development. From July, 1979 to July, 1980 the number of beef cows increased by 2.2 million head (5.9 percent). From 1980 to 1981 the increase was only .9 million head (2.2 percent). Last year, cow and calf operators started building up the size of their herds very rapidly. The rate of increase has now slowed.

The 1981 calf crop is currently estimated at 45.6 million head, up only slightly from 45.4 million in 1980, in spite of the fact that 2 million more cows were in the herd on January 1. The implied decrease in the calving rate may be related to the reduction in the rate of increase in the cow herd. The 1981 calf crop is the basic source of beef in 1982. The size of the calf crop indicates that the beef supply in 1982 will be about equal to the 1981 beef supply.

Steers that are 500 pounds and over plus heifers that are 500 pounds and over other than those kept for herd replacement totaled 23.8 million head, down slightly from last July's count of 24.2 million head. This is the source of steers and heifers for slaughter during the next six months. All animals under 500 pounds totaled 36.6 million head compared with 35.9

million head a year ago. This is the source of the feeder cattle that will move into feed yards during the next six months.

Total cattle on feed in the principal states was 9.6 million head, down 1 percent from a year ago. The weight distribution was quite different. The number of heavier-weight cattle was up 6.9 percent, and the number of lighter-weight cattle was down 8.4 percent. We can expect continued pressure on prices from fed cattle for the next 90 days, followed by a substantial reduction in numbers.

During the April-June quarter, cattle feeders marketed about 1 percent more cattle than their April 1 intention. This is the first time that marketing has exceeded intentions since the October-December quarter in 1978. At long last, cattle feeders are current.

What does this mean in terms of prices? There will be large supplies of beef for the rest of 1981 and a seasonal increase in pork supplies, and we can expect cattle prices to decrease from summer highs. Stable beef supplies, less pressure from other meats, rising real consumer incomes, and continued inflation should mean higher cattle prices in 1982.

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