



WEEKLY OUTLOOK

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CATTLE ON FEED INDICATE SMALLER FED SLAUGHTER

THE NUMBER OF CATTLE ON FEED IN THE 23 PRINCIPAL FEEDING STATES on October 1 was 9.032 million head, down 9 percent from October 1, 1980, and down 20 percent from two years ago. It was the smallest October 1 inventory of cattle on feed since 1967. The number of cattle on feed on October 1 was also 5.6 percent less than on July 1, 7.4 percent below April 1, and 18.7 percent below last January 1.

The weight distribution of the cattle on feed indicates decreasing marketings of fed cattle over time. There were 1 percent more steers weighing 1,100 pounds and over than there were a year ago. In the 900- to 1,099-pound weight bracket there were 93 percent as many, in the 500- to 899-pound bracket, 90 percent; and in the less-than-500-pound category, only 66 percent as many as a year ago. The distribution of heifers by weight brackets was similar to that of steers. The decreases from the year-ago levels was greater in the lower weight categories.

We can divide the weight brackets into the groups of animals that should come to market during the January-March quarter. The number of heavier animals was down 5.6 percent from a year ago, and the number of lighter ones was down 11.7 percent.

The number of cattle placed on feed in the 23 states during the July-September quarter was 5.673 million, compared to 6.359 million during the summer of 1980, a decrease of 10.8 percent. The combination of weak cattle prices, high interest rates, and moderately high feed costs held placements down. There was no shortage of available animals from the large 1980 and 1981 calf crops.

Marketings of fed cattle from the 23 states were 4 percent larger during July-September than during the same quarter of 1980, despite the fact that there was a slightly smaller number on feed on July 1, 1981, than on July 1, 1980. It should be noted, however, that actual marketings during the summer quarter were 3.5 percent smaller than intentions to market reported on July 1. Cattle feeders were reluctant sellers during the summer.

The cattle-on-feed report seems to indicate decreased marketings during the months ahead. The industry has been expecting this kind of "light at the end of the tunnel" for the past two years, but it has not yet materialized. The decrease in fed marketings has been more than offset by increases in marketings of nonfed animals. The total cattle numbers on July 1, 1981, were 1.6 percent larger than on July 1, 1980. Unless there is a sharp buildup in cattle numbers, the total slaughter will remain large during the year ahead. The decrease in the fed slaughter did very little to decrease slaughter weights. The average slaughter weight under federal inspection was 1,059 pounds during July-September, 1981, compared to 1,062 pounds during the summer of 1980.

Total beef production is large and will continue to be large during the months ahead. In addition, the output of broilers and turkeys is--and will continue to be--at record levels. The September Hogs and Pigs report and current slaughter rates indicate large pork production. These factors add up to record supplies of meat that are being sold at a time of slack consumer demand.

The price of cattle will go the way of consumer incomes and consumer willingness to buy beef. Current cattle prices are low, and inflation alone should result in a fair amount of price strength through the winter and into spring.

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