



# WEEKLY OUTLOOK

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## CATTLE ON FEED INDICATE LARGER FED SLAUGHTER

THE APRIL 1, 1982, INVENTORY OF CATTLE ON FEED was released by the USDA on April 19. This report was the first one reflecting the USDA's shift from a 23-state to a 13-state report. The total number of cattle on feed in those 13 states was 8.818 million head, up 2 percent from April 1, 1981, but down 2.5 percent from two years ago. It was the third smallest April 1 inventory of the past 14 years.

The weight distribution of the cattle on feed indicates an increase in the marketings of fed cattle over the next few months. Steers weighing 1,100 pounds and over were 13.7 percent fewer than those a year ago. Also, there were 0.3 percent fewer steers and heifers in the 900-1,099 pound range, but 4.5 percent more cattle in the 700-899 pound range, and 10 percent more cattle weighing between 500 and 699 pounds.

Cattle placed on feed in the 13 major producing states during the January-March quarter numbered 5.507 million head, compared with 4.816 million head during the same quarter last year, an increase of 15.5 percent. Evidently, the combination of higher cattle prices and lower feed costs encouraged the placement of cattle in the feedlot.

Fed cattle marketed from the 13 states totaled 5.438 million head during the January-March quarter, a reduction of 2.2 percent from the same quarter in 1981. This marketing level is just slightly lower than the intentions to market as reflected in the January report. That report, however, covered 23 states. So far in 1982, total slaughter, fed and nonfed, has been running very close to year-ago levels. Beef production has been less than it was a year ago because of lighter slaughter weights. The average weight of cattle slaughtered under federal inspection in 1982 has been about 20 pounds less than in 1981. Such a reduction produces about 2 percent less beef even though the actual number of animals slaughtered is unchanged.

The April 1 report suggests that fed cattle marketings will increase during the months ahead, but that this increase may be offset by an equivalent decline in nonfed slaughter. Typically, when the ratio of fed slaughter to total slaughter increases, the average slaughter weight goes up. The current relatively high price of fed cattle and the low price of feed also encourage heavier feeding weights. However, such an increase has not yet materialized.

If cattle feeders continue to show restraint in feeding weights, beef production in 1982 could be slightly less than it was a year ago. In addition, the March Hogs and Pigs report indicates a substantial cut in pork production during the remainder of 1982. And white meat production is projected to be only marginally larger than that of last year.

The meat supply outlook supports the prospects of continued strong cattle prices. However, the futures market is not a believer. August futures prices are \$8 per hundredweight lower than April futures. Even more striking is the cattle-hog price spread. April cattle prices are about \$17.50 premium to April hogs, while August cattle are only \$6.00 premium to August hogs.

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