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

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# CATTLE INVENTORY SHARES CONTINUED STABILITY

THE MOST NOTABLE ITEM IN THE CATTLE INVENTORY released January 30 is the stability in cattle numbers. At 114.0 million head, all cattle and calf numbers were down one percent from 115.1 million on January 1, 1983, down 1.4 percent from January 1, 1982, and unchanged from 114.3 million head on January 1, 1981. To sum up, cattle numbers have not changed significantly in three years. To put this stability in perspective, we should note that the inventory rose from 109.4 million on January 1, 1968, to 131.8 million on January 1, 1975, decreased to 110.9 million on January 1, 1979, and increased to 114.3 million on January 1, 1981. The increase in numbers that started in 1980 quickly turned to stability.

Nearly every category showed comparable stability. Beef cows totaled 37.7 million as compared with 38.1 million a year ago, and beef replacement heifers were 6.2 million as compared with 6.3 million. If we reach far enough, we can see a slight decrease in the beef herd. Dairy cow numbers were up by 64,000, and milk replacement heifers were up by 10,000. The dairy herd increased by less than one half of one percent.

The 1983 calf crop was estimated at 44.1 million, down from 44.4 million in 1982. The inventory of nonreplacement heifers, steers over 500 pounds, and all animals under 500 pounds was 51.6 million, down two percent from last year. These two categories are the source of slaughter animals if the cattle herd remains at a constant size.

In spite of the stability of the basic capacity of the cattle industry, the production of beef in 1984 has the potential for significant change from last year's production. With a one-million head liquidation last year, commercial production was 23.1 billion pounds. Should the industry stabilize exactly during the year ahead and slaughter weights remain unchanged, we should expect beef production of 22.2 billion pounds. This is our point of departure in estimating production. A first influence for change may be feeding to lighter weights because of high feed costs. Slaughter weights in January were below those of a year ago. The biggest potential for change is the possible liquidation of dairy cows under the milk production control programs. Some liquidation estimates run as high as one million head, which would produce 650 million pounds of beef and put beef production about equal to last year's production. There was some liquidation of beef cows because of poor range and hay conditions. These may be replaced, which would cut beef production. There is little reason to expect a major increase or decrease in herd size during the year ahead or a significant change in beef production from the basic projection of 22.2 billion pounds.

How well will 22.2 billion pounds of beef sell? Choice steers at Omaha have sold in a range of about $60 to $70 for the past five years, moving up and down within the range five times. With production at about the same level, we should expect prices in the same range unless consumers change their meat expenditure patterns. For several years, about as fast as their incomes have gone up, consumers have decreased the percent of incomes spent for meat so that meat prices have remained stable in current dollar terms and decreased in real terms. With rising incomes, there is the potential for increased expenditures and rising meat prices. With a small decrease in beef and pork supplies, a smaller than usual increase in broiler production, a decrease in turkey output, and a larger population, meat supplies per capita will be down but still at a high level. There is a possibility of sharply higher beef and cattle prices at some time during the year, but this depends on consumer behavior.

Written by *Thomas Hieronymus*, Professor Emeritus, Agricultural Economics

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

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