

THE

Livestock and Meat

SITUATION

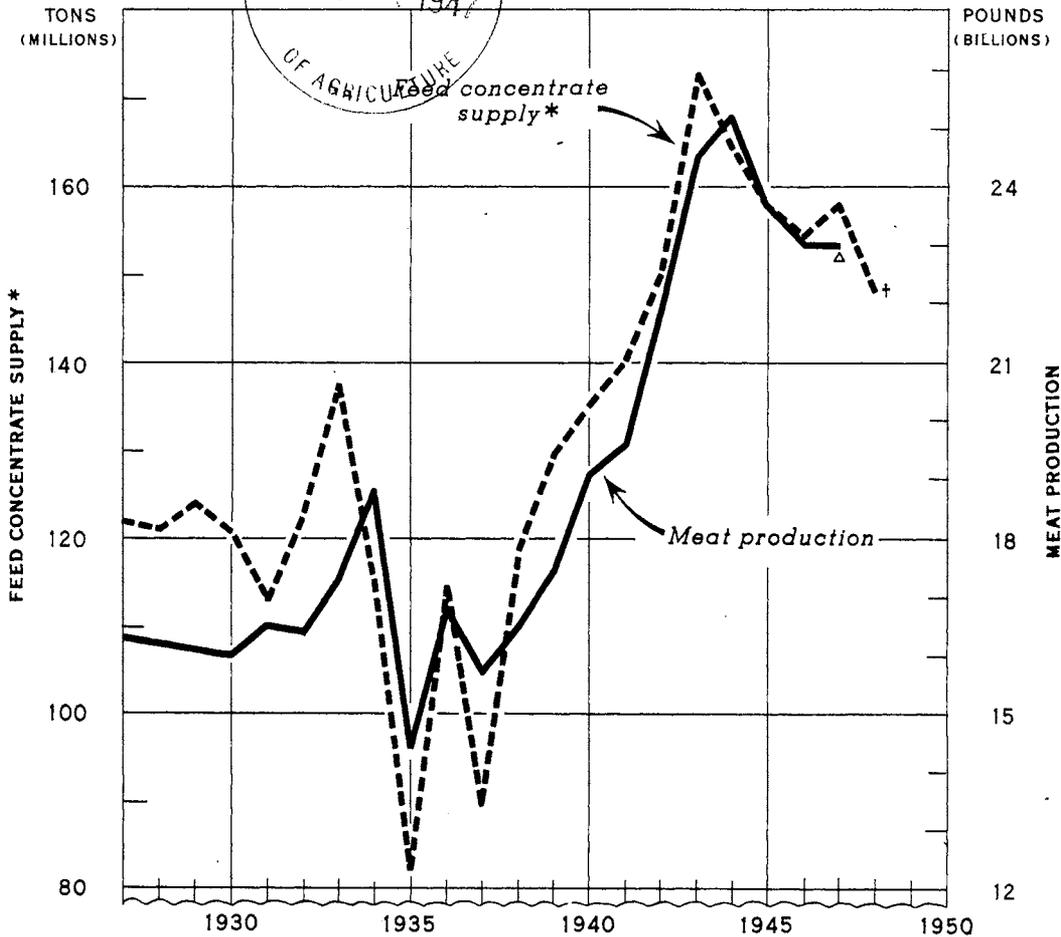
BUREAU OF AGRICULTURAL ECONOMICS
UNITED STATES DEPARTMENT OF AGRICULTURE

LMS - 6



JULY 1947

MEAT PRODUCTION AND FEED CONCENTRATE SUPPLY, UNITED STATES, 1927-48

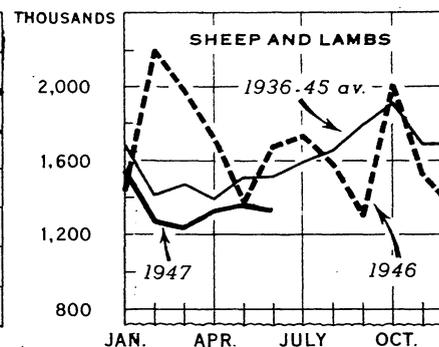
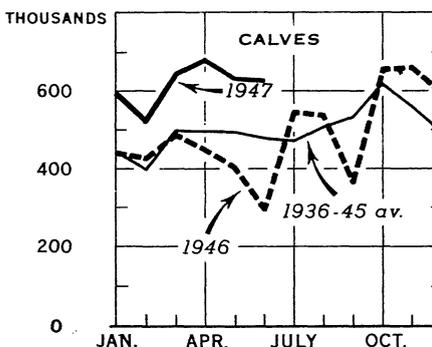
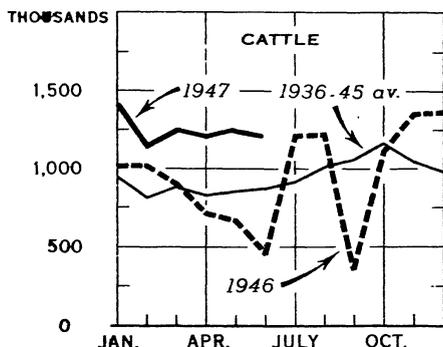
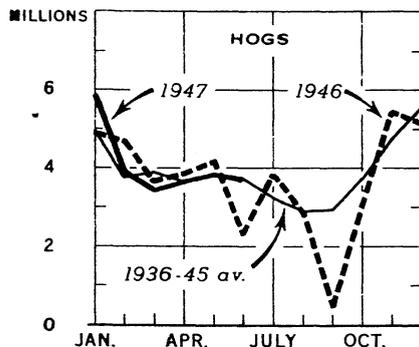


* FEEDING YEAR BEGINNING PRECEDING OCTOBER; INCLUDES SUPPLIES FOR DOMESTIC CONSUMPTION OF CORN, OATS, BARLEY, SORGHUM GRAINS, IMPORTED GRAIN, DOMESTIC WHEAT AND RYE FED, AND BYPRODUCT FEEDS FOR FEED
 † BASED ON JULY CROP PRODUCTION PROSPECTS
 ‡ PARTLY FORECAST

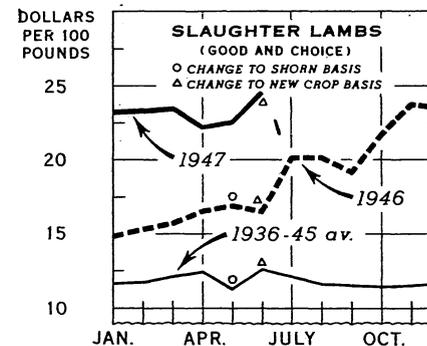
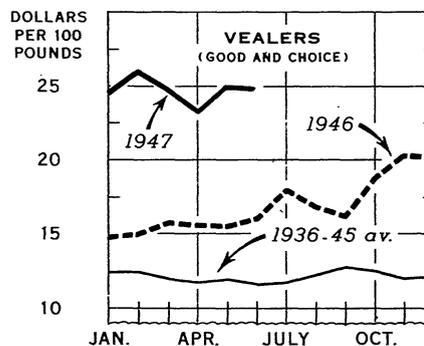
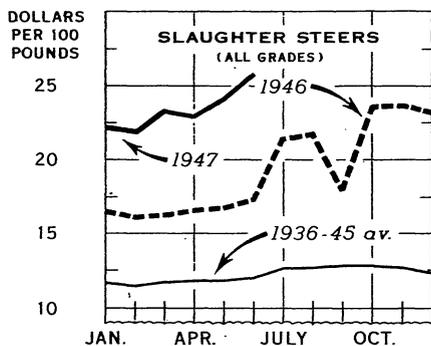
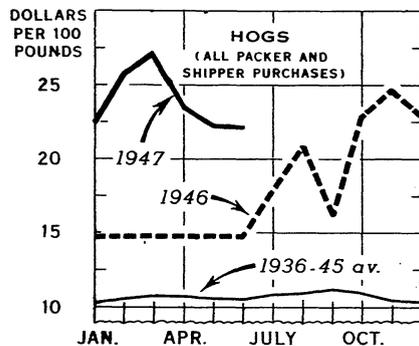
Year to year changes in supplies of feed concentrates give some indication of changes which will occur in the production of meat during the calendar year following the grain harvest. On the basis of indications in July, there will be 10 to 15 million tons less total feed grain and other feed concentrates for the 1947-48 feeding season than for the 1946-47 season. The total production of meat in 1948 probably will be moderately less than in 1947 but above prewar.

LIVESTOCK AND MEAT SITUATION

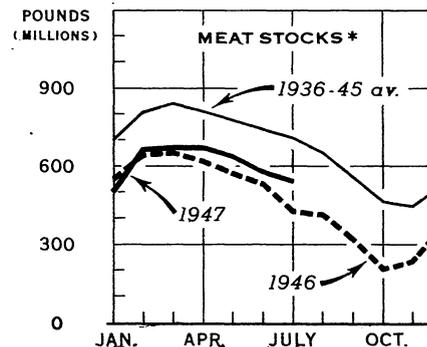
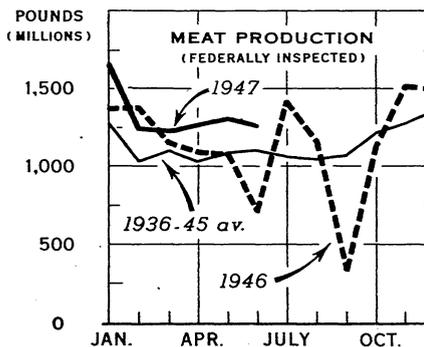
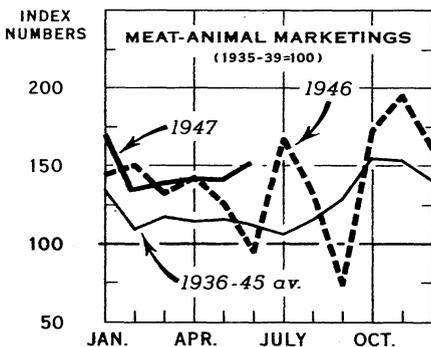
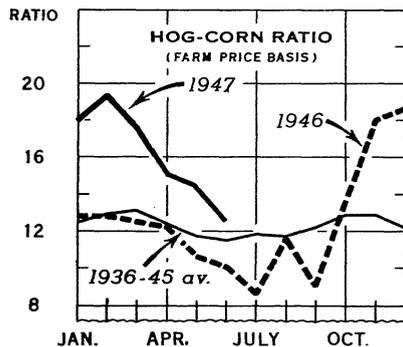
FEDERALLY INSPECTED SLAUGHTER, UNITED STATES



MARKET PRICES, CHICAGO



HOG-CORN RATIO, MEAT ANIMAL MARKETINGS, MEAT PRODUCTION, AND STOCKS, UNITED STATES



*BEEF, LAMB AND MUTTON, PORK, AND MISCELLANEOUS MEATS IN MEAT PACKING PLANTS AND COMMERCIAL COLD STORAGE HOUSES, BEGINNING OF MONTH

THE LIVESTOCK AND MEAT SITUATION

Approved by the Outlook and Situation Board, July 25, 1947

SUMMARY

Smaller feed-grain production this year would not cause a decrease in meat production in 1947, but would lower the output next year.

Meat production this fall will be about as large as last year and much above average. Total cattle slaughter this fall is expected to be large although possibly less than the very large slaughter last fall. At the beginning of 1947, the number of cattle was 6 percent below the peak on January 1, 1945. Cattle slaughter has been large during the last three years and is continuing large this year. A few more hogs probably will be slaughtered this fall than a year earlier, but market weights probably will average lighter. The 1947 spring pig crop was slightly larger than the 1946 spring pig crop. The 1947 fall pig crop, which will be slaughtered largely in the spring and summer of 1948, is expected to be moderately larger than the 30.6 million pigs saved in 1946. Lamb slaughter will be down from a year ago because of the smaller lamb crop this year.

Per capita meat supplies in the last 6 months of 1947 are likely to be moderately larger in total than a year earlier. Supplies during the summer will be larger than in the summer last year. This fall meat supplies are expected to be about the same as last fall when they were nearly a record.

Meat-animal prices in mid-July averaged around one-fifth higher than a year earlier and were about the same as the record highs of last March. Compared with a year ago, meat-animal prices were higher than prices for other major farm commodity groups. If overall demand continues near present levels, only a moderate seasonal decline is expected in meat-animal prices during the fall and early winter when grass cattle, lambs, and hogs from the spring pig crop are marketed in greatest volume. However, prospects for large meat production in the next several months suggest that meat-animal prices would decline substantially if a decline occurs in consumer incomes and spending.

(For release August 1, a.m.)

OUTLOOK

Meat Production for Rest of Year to be Large:
Feed Supply Prospects for 1947-48 Above Average

Reduced feed-grain production this year probably would have little effect on livestock slaughter supplies. But there is expected to be some decline in meat production next year, mainly resulting from declines in the number of livestock on farms. However, both cattle feeding and hog production are influenced considerably by the feed-grain harvest. Smaller supplies in prospect for next year will be a factor in a reduced output of meat.

The July crop reports indicate that the production plus carry-over of corn, oats, barley and sorghum grains for 1947-48 will be 122 million tons, 10 percent less than a year earlier. Corn production was forecast in mid-July at 2,771 million bushels. Although this is one-sixth smaller than the record crop of 1946, the reduction will be partly offset by a larger carry-over of old corn. Production of oats also is down. The indicated feed-grain supply per animal unit is 10 percent less than in 1946-47, but above the average for the last 10 years. In addition, the supply of high-protein feeds probably will be larger in 1947-48 than this year.

According to the July crop reports, prospects for the supply of feed concentrates (including byproduct feeds and wheat and rye to be fed) are slightly brighter than for feed grains alone. The total for feed concentrates is estimated to be around 9 percent less than the 163 million tons of 1946-47. The supply per animal unit would be 8 percent smaller than in 1946-47, but a little larger than for any other recent year.

Table 1. - Meat production and feed concentrate supplies, United States, 1927-48

Year	: Feed concentrate supply:			Year	: Feed concentrate supply:		
	: Meat : : pro- : : duction:	: Total : : 1/ :	: Total : : less exports:		: Meat : : pro- : : duction:	: Total : : 1/ :	: Total : : less exports:
	: : : :	: : : 2/ :	: : : :		: : : :	: : : 2/ :	: : : :
	: Billion : : pounds	: Million : : tons	: Million : : tons		: Billion : : pounds	: Million : : tons	: Million : : tons
1927	: 16.3	: 123.1	: 121.9	: 1938	: 16.5	: 123.2	: 118.7
1928	: 16.2	: 122.7	: 120.9	: 1939	: 17.5	: 130.6	: 129.4
1929	: 16.1	: 126.2	: 123.8	: 1940	: 19.1	: 136.5	: 135.2
1930	: 16.0	: 121.3	: 120.7	: 1941	: 19.6	: 140.7	: 140.2
1931	: 16.5	: 113.1	: 112.8	: 1942	: 21.9	: 150.8	: 150.2
1932	: 16.4	: 123.0	: 122.7	: 1943	: 24.5	: 173.0	: 172.8
1933	: 17.3	: 138.2	: 137.5	: 1944	: 25.2	: 164.7	: 164.3
1934	: 18.8	: 115.6	: 115.3	: 1945	: 23.7	: 158.4	: 157.7
1935	: 14.4	: 82.5	: 82.3	: 1946	: 23.0	: 155.5	: 154.3
1936	: 16.8	: 114.6	: 114.3	: 1947 ^{3/}	: 23.0	: 163.1	: 158.4
1937	: 15.7	: 89.9	: 89.7	: 1948 ^{4/}		: 149.0	: 147.5

1/ Include supply of corn, oats, barley, sorghum grains, imported grains, domestic wheat and rye fed, and byproduct feeds for feed, feeding year beginning October.
 2/ Total feed concentrates excluding exports of feed grains.
 3/ Partly forecast.
 4/ Based on July crop production prospects.

Because of the late start of the corn crop, it is possible that the quantity of soft and wet corn will be greater than usual. This would tend to increase somewhat the demand for feeder cattle and pigs for feeding before the corn spoils. In 1945, and in other years, when large quantities of soft and wet corn were produced, marketings of fed cattle tended to be large during the following winter and early spring, and relatively small in the late spring and summer.

The large quantity of roughage foods available for the next feeding year will tend to encourage more cattle feeding at least during the fall and winter, than is indicated by feed grain prospects. The condition of pastures this summer is generally good to excellent for the country as a whole. On the basis of the July crop report the supply of hay this year, (production plus carry-over) will be 119 million tons; 2 percent smaller than a year earlier. The number of roughage consuming livestock, especially cattle and work-stock, is declining, and the hay supply per animal unit will be the largest ever.

Shipments of stocker and feeder cattle to 8 Corn Belt States during January-June were 19 percent greater than a year earlier, and the greatest since at least 1941. Shipments in May and June were fairly large, but were 11 percent less than the large shipments in those months of 1946.

Prices of feeder and stocker cattle in June remained near the record level of May. Prices of such cattle have continued to rise steadily since last October. June prices at the 4 large markets averaged \$20.58 per 100 pounds for all steers, about \$3.55 higher than in December 1946 and \$5.00 higher than in June 1946. In the third week of July, prices of feeder and stocker cattle were the highest of record.

The spread between prices of stocker and feeder cattle and fed cattle has been unusually wide during the past year. But the effect of this on the profitability of cattle feeding has been partly offset by high feeding costs. In general, those who purchased feeder cattle up to early winter made very good returns. Since last fall feeding margins have narrowed considerably, but they are still wider than average. The spread between prices of average feeder steers at Kansas City and good grade slaughter steers at Chicago in June was \$4.61 per 100 pounds compared with the average spread during June 1937-41 of \$1.89.

Because of the excellent condition of pastures this year, there may be a relatively small slaughter of grass-fat cattle in August and September. Total cattle slaughter is expected to be relatively large in November-January. October is usually the peak month of slaughter.

More Hogs to be Slaughtered in Year Beginning October

Hog marketings are likely to be somewhat greater during the marketing year beginning in October than in the current season. The 1947 spring pig crop was slightly larger than in 1946. A few more hogs are expected to be marketed from October through March and weights to average lighter than a year earlier unless an unusually large quantity of soft or wet corn is fed to avoid spoilage. The June intentions report indicated a 9 percent increase in farrowings this fall over last year for the United States and 12 percent in the Corn Belt. This would provide moderately more hogs for marketing next spring and summer.

There was a marked increase, mostly seasonal, in the number of sows marketed from May to June. The number marketed in early July continued large. Sow sales in June were not large in relation to the number of spring sows farrowing. Sows made up 16 percent of all hog sales at 7 markets during the month compared with a June average of 18 percent for 1938-42. The percentage of sows at 7 markets in the first 2 weeks of July this year was 34 compared with 28 percent for the same weeks of 1938-4

Smaller Marketings of Lambs Than
Last Year; Sheep Liquidation
May be About Ended

This year's lamb crop is smaller than in 1946 and more ewe lambs may be saved for herd replacement this year than the small number last year. As a result, fewer lambs than last year will be slaughtered through the rest of 1947 except possibly in September, and in the first 4 months of 1948. Marketings for slaughter during September last year were unusually small.

Good to excellent condition of sheep and lambs, pastures, and ranges points to a higher than usual proportion of fat lambs in the market supply this fall. This, together with the small crop, means fewer lambs for feeding this fall and winter than a year earlier.

Federally inspected slaughter of lambs totaled 1.3 million head in June, 20 percent less than a year earlier. The January-June inspected kill was 8.1 million head, 22 percent less than a year earlier.

The number of sheep on farms is expected to decline slightly this year, even though ewe slaughter is almost down to prewar and more lambs may be held back for herd replacements than last year. This would result in a further decline in the lamb crop in 1948 since there would be fewer ewes of breeding age than in 1947. Most ewe lambs saved for herd replacement in 1947 will not produce lambs until 1949.

Price Prospects for Meat Animals

Meat-animal prices in mid-June averaged 47 percent higher than a year earlier when price controls were in effect, and were only 2 percent below the record of last March. Compared with a year ago, prices of meat animals were higher than other major farm commodity groups.

Meat-animal prices are now somewhat higher in relation to consumer incomes and meat supplies than prewar. This may result from a different distribution of consumer incomes than in prewar. Spending for meat increases relatively more than most other foods when consumer income in the lower-income brackets increases. Through early 1947 consumer income payments continued to rise above the record high levels of late 1946. Employment has recently reached new highs. High prices also may reflect continued shortages of some consumer durable goods.

Table 2. -Relationship of prices of heavy butcher hogs and sows to prices of medium weight butcher hogs, Chicago, 1937-41 and 1942-46 average, and 1947

Month	1937-41 average			1942-46 average			1947		
	Barrows and gilts, good and choice	Sows, good and choice	200-220 pounds	Barrows and gilts, good and choice	Sows, good and choice	200-220 pounds	Barrows and gilts, good and choice	Sows, good and choice	200-220 pounds
	240-270 pounds 1/	300-330 pounds 2/		240-270 pounds	300-330 pounds		240-270 pounds	300-330 pounds	
	Price, dollars per 100 pounds								
Jan.	7.97	7.66	7.44	13.97	13.93	13.78	23.37	23.03	22.19
Feb.	8.11	7.84	7.63	14.33	14.29	14.23	26.68	26.36	25.72
Mar.	8.14	7.96	7.75	14.55	14.56	14.52	28.05	27.68	26.93
Apr.	8.01	7.88	7.69	14.54	14.54	14.47	24.89	24.33	22.82
May	8.27	8.18	7.99	14.39	14.40	14.02	24.33	23.55	21.48
June	8.53	8.39	8.16	14.34	14.33	13.89	24.66	23.91	21.95
July	9.47	9.13	8.56	15.45	15.33	15.00	3/25.79	3/24.83	3/20.36
Aug.	9.39	9.07	8.50	16.30	16.06	15.77			
Sept.	9.58	9.50	9.10	15.10	14.95	14.89			
Oct.	8.53	8.53	8.33	15.94	15.81	15.79			
Nov.	7.82	7.80	7.70	13.23	16.25	16.15			
Dec.	7.71	7.51	7.33	16.09	16.06	15.88			
Year	8.46	8.29	8.02	15.10	15.04	14.87			

Prices of sows and heavy butchers as a percentage of prices for 200-220 pound butcher hogs

	Percent								
Jan.	100	96	93	100	100	99	100	99	96
Feb.	100	97	94	100	100	99	100	99	96
Mar.	100	98	95	100	100	100	100	99	96
Apr.	100	98	96	100	100	100	100	98	92
May	100	99	97	100	100	97	100	97	88
June	100	98	96	100	100	97	100	97	89
July	100	96	90	100	99	97	100	3/96	3/79
Aug.	100	97	91	100	99	97	100		
Sept.	100	99	95	100	99	99	100		
Oct.	100	100	98	100	99	99	100		
Nov.	100	100	98	100	100	100	100		
Dec.	100	97	95	100	100	99	100		
Year	100	98	95	100	100	98	100		

1/ 250-290 pound prior to July 1939. 2/ 290-350 pound prior to July 1939. 3/ Average for first 3 weeks of July.

If overall demand continues unusually strong, meat-animal prices will decline only seasonally during the autumn and early winter when grass cattle, lambs, and hogs from the spring pig crop are marketed in greatest volume. However, prospects for large meat production in late 1947 suggest that meat-animal prices would decline substantially if a material decline occurs in consumer incomes and spending.

Hog prices were relatively unchanged in June and early July. With the advance in corn prices, the hog-corn price ratio continued to decrease. In mid-July, the ratio, based on Chicago prices, was 9.9 compared with 10.5 a month earlier, and with the 1927-46 average for July of 11.3. The below-average ratios of June and July were in sharp contrast to the near-record high ratios last winter.

The spread between prices of sows and butcher hogs has widened in the past few months. Spreads also have widened between prices of light weight and medium weight butcher hogs. During the war, when price controls were in effect, the differences between prices of medium and light weight butcher hogs and between those of butcher hogs and sows were extremely small. (Table 2.) The high prices for heavy hogs in relation to lighter hogs was in part responsible for the record heavy weights of hogs slaughtered during the war and immediately after. The wide difference between prices of sows and butcher hogs at present is due in part to low prices of lard and fat cuts relative to prices of other pork. Lard prices in late June were around 20 percent higher than the ceilings of a year earlier, but prices of pork were more than double the former ceilings. Prices of dry-salt fat backs in late June at Chicago were one-fourth higher than previous ceilings.

Cash Receipts from Meat Animals

This Year a New Record

Cash receipts to farmers from sales of meat and meat-animals in 1947 are likely to exceed the record receipts of 7 billion dollars in 1946 (excluding Government payments) by a substantial margin. This will result from higher average prices than in 1946 when, for half of the year, prices were held down by ceilings. The volume of meat-animals and meat sold by farmers in 1947 is likely to be little different than the 44.8 billion pounds, live weight, sold in 1946. Larger sales of cattle and calves probably will be about offset by a smaller tonnage of hogs, sheep and lambs sold. Sales in 1947 will be below the record of 1944 (nearly 48 billion pounds), and are likely to be below 1943. But 1947 sales probably will exceed those for any other year.

Cash receipts from meat animals in the first half of 1947 were around 60 percent higher than a year earlier. Most of the increase was due to higher prices.

Livestock prices per 100 pounds (except where noted), marketings and slaughter statistics, by species, June, 1947 with comparisons

Item	PRICES							
	Annual		January-June		1946		1947	
	Av. 1937-41:	1946	1947	May	June	May	June	
	Dol.	Dol.	Dol.	Dol.	Dol.	Dol.	Dol.	
Cattle and calves								
Beef steers sold out of first hands, Chicago:								
Choice and prime	12.01	17.48	26.74	17.53	17.67	25.92	27.58	
Good	10.52	16.54	24.19	16.55	16.98	24.22	25.72	
Medium	8.94	15.28	21.68	15.31	15.86	22.01	23.40	
Common	7.59	12.88	17.80	13.34	13.73	17.97	20.13	
All grades	10.47	16.59	23.58	16.77	17.30	24.06	25.87	
Good grade cows, Chicago	7.38	14.27	17.49	14.23	14.94	19.02	19.73	
Vealers: Gd. and Ch., Chicago	10.34	15.40	24.69	15.45	15.99	24.96	24.68	
Stocker and feeder steers								
Kansas City	8.36	15.15	19.85	15.82	15.72	21.33	21.11	
Av. price received by farmers:								
Beef cattle	7.41	13.13	18.25	13.70	13.80	18.60	19.80	
Veal calves	8.72	14.07	19.66	14.40	14.80	20.10	20.80	
Hogs								
Av. market price, Chicago:								
Barrows and gilts	-	14.84	24.55	14.85	14.85	22.67	23.52	
Sows	-	14.09	20.58	14.10	14.10	18.14	18.28	
All purchases	7.97	14.78	23.84	14.81	14.77	22.24	22.06	
Av. price received by farmers:								
Hogs	7.59	14.22	23.75	14.30	14.30	22.90	23.30	
Corn, cents per bushel	62.9	121.3	150.2	135.0	142.0	159.0	185.0	
Hog-corn price ratio, U. S. 1/	12.8	11.8	16.2	10.6	10.1	14.4	12.6	
Sheep and Lambs								
Lambs, gd. and ch., Chicago	9.82	15.95	23.20	16.89	16.42	22.56	24.40	
Feeding lambs, gd. and ch., Omaha	8.70	2/ 15.16	2/ 20.10	-	-	-	-	
Ewes, gd. and ch., Chicago	4.43	8.05	9.25	7.97	8.54	3/ 10.62	7.44	
Av. price received by farmers:								
Sheep	4.20	6.86	8.23	7.06	7.23	8.78	8.40	
Lambs	8.28	13.73	19.82	14.10	14.30	19.80	21.10	
Meat								
Wholesale, Chicago:								
Steer beef, carcass (good, 500-600 lbs.)	16.09	20.07	37.10	20.18	20.18	37.30	40.75	
Composite hog products	11.07	15.02	28.14	15.13	15.13	27.16	27.55	
Lamb carcasses (good, 30-40 lbs.)	17.11	23.99	-	24.18	24.18	-	-	
B.L.S. index retail meat prices 4/	100.9	132.4	204.4	133.5	134.0	203.9	216.9	
Index income of industrial workers:								
1935-39=100	120.4	245.9	-	252.3	269.1	313.6	-	
Livestock Marketing and Slaughter Statistics								
	Unit							
Meat-animal marketings:								
Index numbers (1935-39=100)	--	109	131	146	126	94	141	161
Stocker and Feeder shipments to:								
8 Corn Belt States								
Cattle and calves	Thous.	-	641	765	106	141	100	120
Sheep and lambs	Thous.	-	545	899	56	76	128	134
Slaughter under Federal Inspection:								
Numbers: 5/								
Cattle	Thous.	9,999	4,772	7,447	676	451	1,284	1,207
Calves	Thous.	5,571	2,805	3,882	402	306	827	821
Sheep and lambs	Thous.	17,609	10,390	8,056	1,374	1,666	1,355	1,329
Hogs	Thous.	41,225	23,568	24,248	4,149	2,316	3,831	3,653
Average live-weight:								
Cattle	lb.	933	986	6/ 940	990	986	934	6/ 920
Calves	lb.	191	158	6/ 182	161	177	183	6/ 199
Sheep and lambs	lb.	86	96	6/ 96	90	86	96	6/ 88
Hogs	lb.	234	254	6/ 257	244	263	260	6/ 265
Meat Production:								
Beef	Mil. lb.	5,002	2,549	6/ 3,751	373	246	642	6/ 595
Veal	Mil. lb.	597	223	6/ 371	37	31	64	6/ 71
Lamb and mutton	Mil. lb.	710	454	6/ 358	57	65	60	6/ 54
Pork (excluding lard)	Mil. lb.	5,530	3,529	6/ 4,482	606	360	661	6/ 532
Storage stocks end of month:								
Beef	Mil. lb.	-	-	-	103	65	138	110
Pork	Mil. lb.	-	-	-	383	322	365	355
Lamb and mutton	Mil. lb.	-	-	-	11	10	10	9
Total meat and meat products ..	Mil. lb.	-	-	-	573	461	648	603
Percent packing cows are of Fed- orally inspected hog slaughter:								
Percent		-	9	-	7	15	8	-

1/ Number of bushels of corn equivalent in value of 100 pounds of live hogs. 2/ Average of prices for Jan., Feb., March, April. 3/ Two week average price of woolled ewes. 4/ Meats, poultry and fish: Bureau of Labor Statistics, 1935-39=100. 5/ 1947 slaughter excludes Hawaii and Virgin Islands. 6/ Estimated from weekly data.

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Table 3.- Cash income, sales, and prices received by farmers for meat animals, 1937-41 average, 1942-46 annual, and forecast 1947

Item	Unit	1937-41 average	1942	1943	1944	1945	1946	1947 fore- cast
Cash receipts from farm marketings ^{2/} :								
Cattle and calves.....	Mil. dol.	1,358	2,293	2,581	2,604	3,290	3,715	
Hogs	Mil. dol.	949	2,192	2,942	2,813	2,297	2,972	
Sheep and lambs	Mil. dol.	184	307	342	303	319	356	
		<u>2,491</u>	<u>4,792</u>	<u>5,865</u>	<u>5,720</u>	<u>5,906</u>	<u>7,043</u>	<u>8,500</u>
Sales of meat and meat animals:								
Cattle and calves (live weight basis)	Mil. lb.	17,890	21,142	21,424	23,589	26,859	25,342	
Hogs (live weight basis).....	Mil. lb.	12,642	16,697	21,358	21,411	16,240	16,819	
Sheep and lambs, (live weight basis)	Mil. lb.	2,471	2,947	3,039	2,825	2,845	2,624	
		<u>33,003</u>	<u>40,786</u>	<u>45,821</u>	<u>47,825</u>	<u>45,924</u>	<u>44,785</u>	<u>44,000</u>
Average price received by farmers ^{3/} :								
Beef cattle (100 lb.)	Dol.	7.41	10.70	11.90	10.80	12.10	14.50	
Veal calves (100 lb.)	Dol.	8.72	12.30	13.30	12.40	13.10	15.30	
Hogs (100 lb.).....	Dol.	7.59	13.00	13.70	13.10	14.00	17.50	
Sheep (100 lb.).....	Dol.	4.20	5.80	6.57	6.01	6.38	7.49	
Lambs (100 lb.).....	Dol.	8.28	11.70	13.00	12.50	13.10	15.60	
Index of prices received by farmers, all meat animals ^{4/} ...		---	123	188	209	200	210	256
								315

^{1/} Preliminary. ^{2/} Exclude direct government payments to farmers: 1945, 15 million dollars for cattle and 9 million for sheep and lambs; 1946, 22 million dollars for cattle and 33 million for sheep and lambs. ^{3/} Weighted average: 1937-41 is the simple average of the weighted annual average for each of the 5 years. ^{4/} August 1909-July 1914 = 100.