

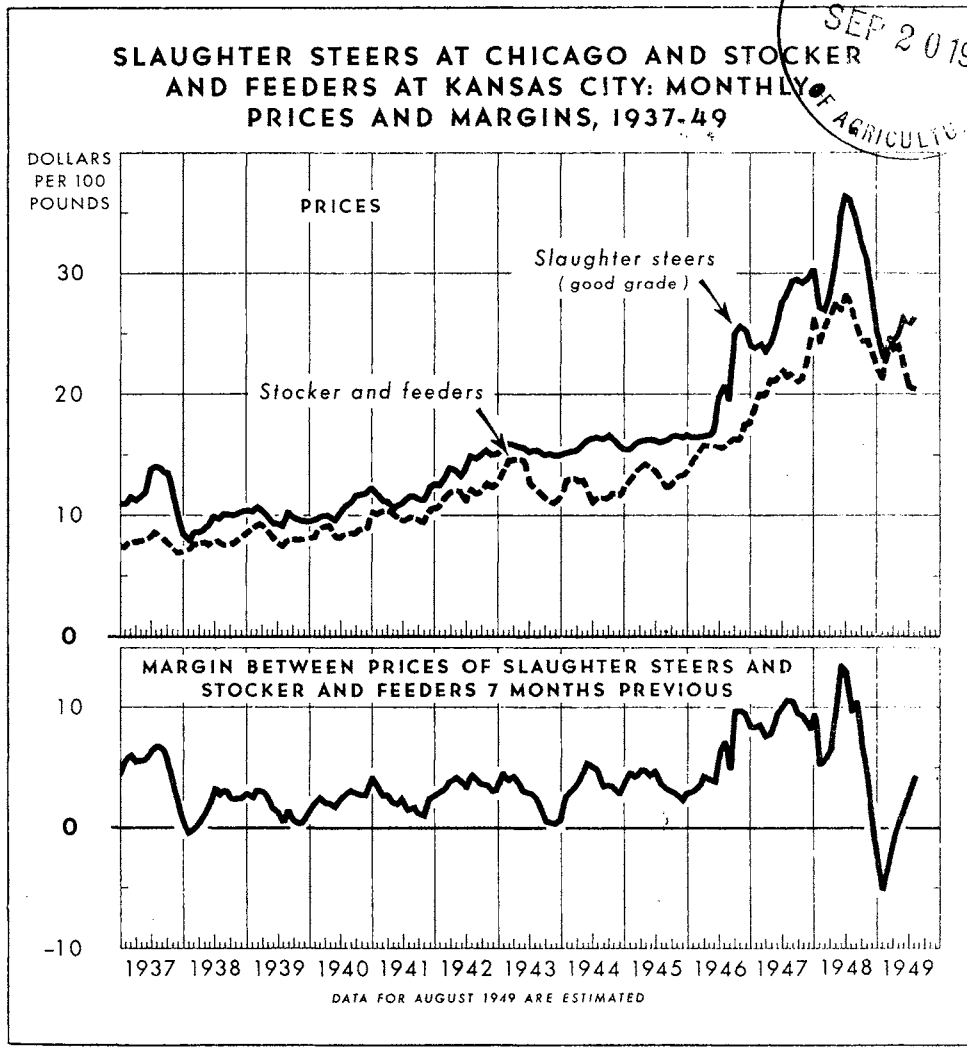
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at
Livestock and Meat
SITUATION

BUREAU OF AGRICULTURAL ECONOMICS
UNITED STATES DEPARTMENT OF AGRICULTURE



LMS-30

NEW YORK SEP 20 1949



U. S. DEPARTMENT OF AGRICULTURE

NEG. 47333-X BUREAU OF AGRICULTURAL ECONOMICS

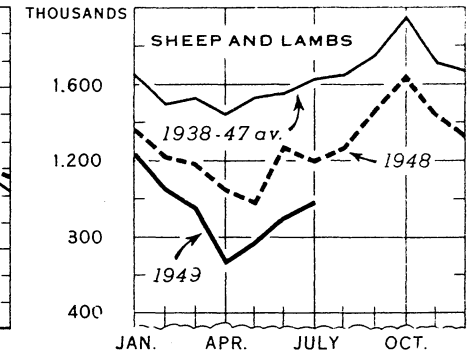
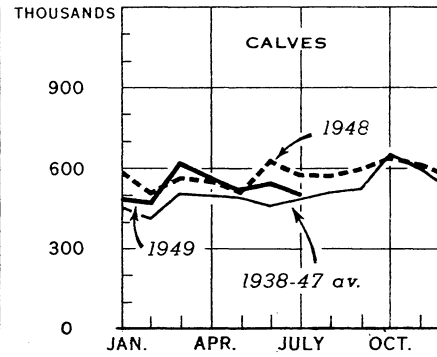
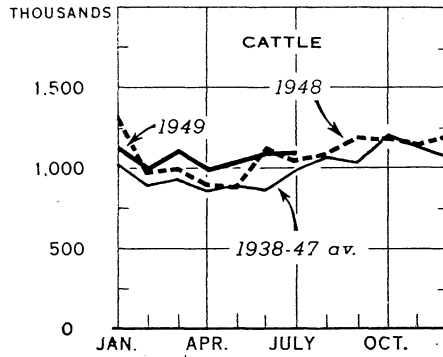
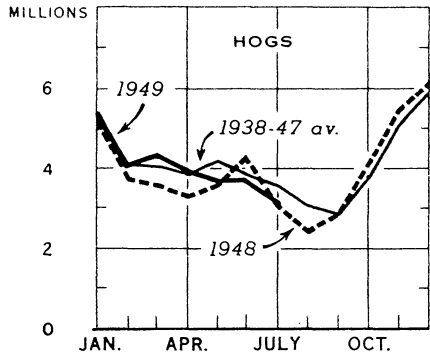
Price margins between costs of feeder cattle at the beginning of a feeding period and selling prices of fat cattle at the end are a highly important factor in profitability of cattle feeding. As shown by price comparisons for a representative 7-month period, margins generally rose after the war, then fell at the end of 1948 and dipped briefly in February of this year to the biggest negative margin in a number of years.

By August, however, margins as lagged 7 months were up to more than \$4.00.

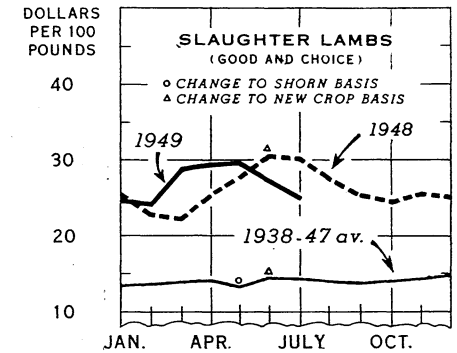
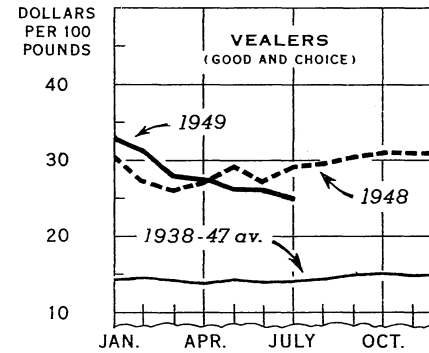
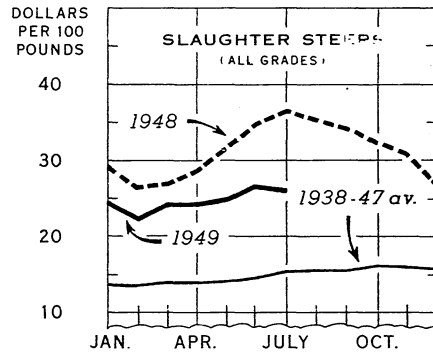
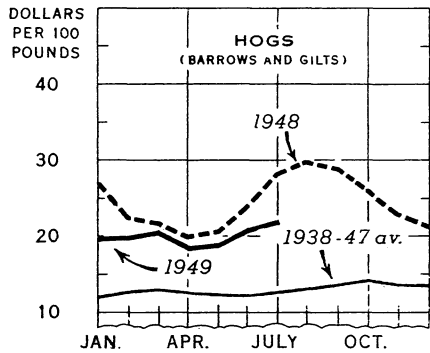
Price margins in cattle feeding this next year, although unlikely to equal those of two or three years back, probably will not sag as they did last year. Prices of fat cattle may decline moderately late this year, but margins will be calculated from prices of feeder cattle several dollars lower than a year before.

LIVESTOCK AND MEAT SITUATION

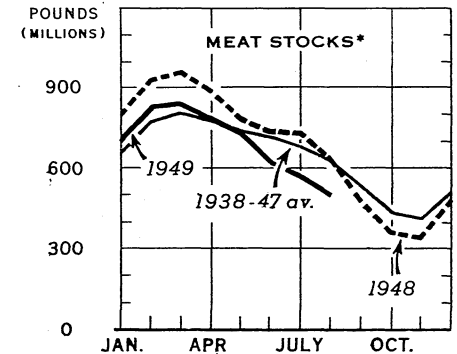
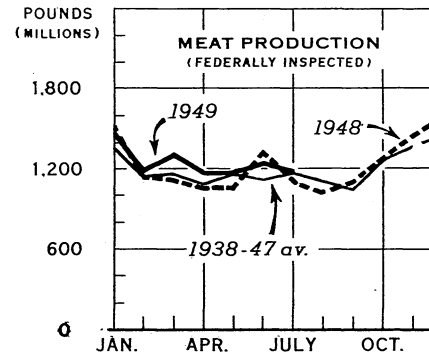
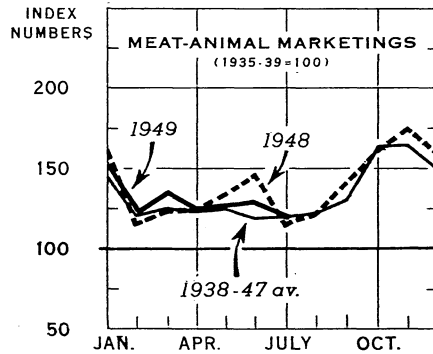
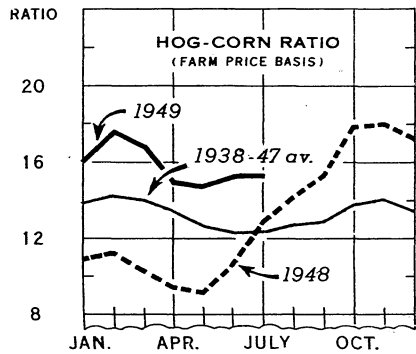
FEDERALLY INSPECTED SLAUGHTER, UNITED STATES



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, August 25, 1949

SUMMARY

Prices of hogs, after reaching their highest point of the year in the middle of August, have since turned downward, and a general decline is in prospect for the fall marketing season. Because numbers marketed will be considerably larger than last year, due to the 15 percent bigger pig crop this past spring than a year earlier, the seasonal decline this fall may be somewhat greater than the 20-year average reduction of 18 percent. It is possible that hog prices will reach support levels at some time during the fall or winter. Prices of the better grades of cattle have strengthened recently, and are likely to make some further seasonal advance. Declines later in the year probably will be much smaller than those for hogs. Lower grades of cattle have fallen in price seasonally, but any further reductions are likely to be limited by a strong demand for cattle for feeding.

Prices of most meats rose moderately this summer. Retail prices of steer beef at New York City average 6 percent higher in July than in May, and those of pork $6\frac{1}{2}$ percent higher. But prices of lamb were down 6 percent.

Meat production did not decline as much this summer as in the summer of 1948. Production of all meat under Federal inspection in July was 6 percent larger than a year earlier, and a larger increase is indicated for August.

However, during most of 1949 the increase over last year in Federally inspected meat production has not been matched by noninspected production, and the difference is probably continuing. Also, imports are currently much smaller than those of late August or September last year, when much beef and veal came in from Canada after that country lifted its export restrictions. Hence, meat consumption per capita in the July-September quarter may be only slightly larger than that of the same quarter of 1948.

Grain-fed cattle have comprised a larger than usual proportion of the slaughter cattle supply this year and are expected to continue comparatively important. About 24 percent more cattle were on feed in 11 Corn Belt States on August 1 this year than last. This percentage compares with a 23 percent increase on April 1 and 22 percent last January 1. Slaughter of cattle other than those grain fed is expected to be smaller this fall than last.

Chiefly because of the expected increase in pork production, total meat supplies for the fourth quarter will be considerably larger than those a year earlier, and consumption per person will exceed that of the corresponding period of 1948. Since the increases in the last two quarters will offset small decreases in the first half of the year, meat consumption per person for all of 1949 may be fully as large as the 146 pounds consumed in 1948.

Throughout 1949 supplies of lamb and mutton have been the smallest in many years. Sheep number on farms have decreased each year since 1942, reducing greatly the number of lambs raised and slaughtered. This year the lamb crop is down to 18.9 million head, about 1 million or 6 percent less than the 1948 crop, the smallest on records going back to 1924, and probably the smallest in 50 years. The smaller crop this year than in 1948 is due to the fewer ewes on farms and the smaller crop per 100 ewes in a number of Western States hit by severe storms last winter. However, the United States average percentage crop is up from 85.5 to 87.3, mainly because of a big improvement in Texas. Texas was the only major sheep State in which more lambs were saved this year than last. The Texas crop was small in 1948 because of severe drought.

OUTLOOK

Fed Cattle Large Source of 1949 Meat Supply

Slaughter of grain-fed cattle has been a more important source of meat supplies in 1949 than usual. On January 1, 4.5 million head of cattle were reported on feed for market--19 percent more than the small number a year previously, and a record high for the date. The increase in the Corn Belt States was 22 percent. During most of 1949, more stocker or feeder cattle have been received in Corn Belt States than in corresponding periods of 1948, and the number on feed has continued well above last year. On April 1, the gain over April 1948 was 23 percent, and on August 1 there were 24 percent more cattle on feed in the Corn Belt than on the same date of last year (table 1).

When more cattle are grain fed for market rather than slaughtered off range or pasture, their average weight is increased and the beef produced is of a higher grade. The increased grain feeding in 1949 shows up particularly in the larger number and heavier weights of steers slaughtered. In the first 6 months, 20 percent more steers were slaughtered under Federal inspection than a year earlier. Since their weight was up 33 pounds to an average of 1,001 pounds, total production of steer beef was 24 percent larger. The increased number of steers and their heavier weights brought the average weight of all cattle slaughtered under Federal inspection in the first 6 months this year up to 989 pounds, compared with 953 pounds in the same 6 months of last year.

In terms of total meat production, the increased slaughter of grain-fed steers has about offset the reduction in slaughter of cows and of calves. The number of cows slaughtered under Federal inspection in the first 6 months of 1949 was 22 percent less than the number a year before. Calf slaughter was down 6 percent. In the first 6 months this year, commercial production of beef was $4\frac{1}{2}$ percent larger than a year earlier, although the number of head slaughtered was down $2\frac{1}{2}$ percent (table 2).

Table 1.- Cattle on feed in 11 Corn Belt States on April 1 and August 1 as percentage of previous year, and stocker and feeder shipments to 8 States April-July, 1947-49

States and regions	Cattle on feed April 1 and August 1 as percentage of previous year						Stocker and feeder cattle and calves received in 8 Corn Belt States April to July		
	1947		1948		1949		1947	1948	1949
	Apr. 1:	Aug. 1:	Apr. 1:	Aug. 1:	Apr. 1:	Aug. 1:	Thou-	Thou-	Thou-
	cent	cent	cent	cent	cent	cent	sand	sand	sand
Ohio	106	90	87	95	125	108	23.0	27.2	16.8
Indiana	105	100	85	108	125	95	46.2	48.8	44.2
Illinois	120	175	83	100	112	1/118	114.9	111.3	109.7
Michigan	80	120	85	93	125	130	9.9	14.0	11.8
Wisconsin	115	145	92	93	115	115	2.6	4.8	3.2
Eastern Corn Belt ...	112	143	85	100	117	113	196.6	206.1	185.8
Minnesota	107	160	75	108	128	125	14.2	15.7	20.4
Iowa	115	150	72	74	125	1/135	193.3	164.8	200.3
Missouri	138	135	70	95	120	100	---	---	---
North Dakota	---	---	---	---	---	---	---	---	---
South Dakota	115	120	80	90	110	160	---	---	---
Nebraska	108	115	68	75	131	1/131	103.6	84.1	90.4
Kansas	96	105	70	110	130	95	---	---	---
Western Corn Belt ...	113	138	72	82	125	128	311.1	264.6	311.1
Total Corn Belt	113	140	75	88	123	124	507.7	470.7	496.9

1/ Estimated percentage in Illinois, Iowa and Nebraska based on special July 1 surveys.

Table 3.- Price of Good grade slaughter steers at Chicago and of stoker and feeder steers at Kansas City, and 7 months lagged margin, by months, 1937 to date

Year and month	Price per 100 pounds			Year and month	Price per 100 pounds			Year and month	Price per 100 pounds		
	Good grade: steers, Chicago	Stoker and feeder steers, Kansas City	Margin between slaughter steers, and stockers and feeders 7 months previous 1/		Good grade: steers, Chicago	Stoker and feeder steers, Kansas City	Margin between slaughter steers, and stockers and feeders 7 months previous 1/		Good grade: steers, Chicago	Stoker and feeder steers, Kansas City	Margin between slaughter steers, and stockers and feeders 7 months previous 1/
	Dollars	Dollars	Dollars		Dollars	Dollars	Dollars		Dollars	Dollars	Dollars
1937				1942				1947			
Jan.	10.88	7.26	4.32	Jan.	12.54	10.87	2.64	Jan.	23.93	17.68	8.21
Feb.	10.90	7.32	5.56	Feb.	12.47	10.69	2.88	Feb.	23.79	18.96	8.26
Mar.	11.51	7.84	5.98	Mar.	13.03	11.47	3.24	Mar.	24.05	20.13	8.54
Apr.	11.15	7.67	5.84	Apr.	13.83	11.93	3.86	Apr.	23.45	19.91	7.46
May	11.46	7.86	5.45	May	13.66	12.00	4.12	May	24.22	21.33	7.80
June	11.96	7.87	5.64	June	13.12	11.83	3.77	June	25.72	21.11	9.42
July	13.83	8.28	7.37	July	13.75	11.09	3.29	July	27.64	21.91	10.01
Aug.	13.97	8.58	6.71	Aug.	14.87	12.05	4.30	Aug.	28.27	21.22	10.59
Sept.	13.88	8.09	6.56	Sept.	14.63	11.84	3.94	Sept.	29.43	21.65	10.47
Oct.	13.39	7.58	5.56	Oct.	15.07	11.83	3.60	Oct.	29.55	20.96	9.42
Nov.	11.42	7.14	3.75	Nov.	15.40	12.62	3.47	Nov.	29.12	21.32	9.21
Dec.	9.69	6.71	1.83	Dec.	14.90	12.24	2.90	Dec.	29.62	23.59	8.29
1938				1943				1948			
Jan.	8.29	6.98	0.42	Jan.	15.05	12.87	3.22	Jan.	30.36	26.31	9.25
Feb.	7.81	7.04	-0.37	Feb.	15.63	13.48	4.44	Feb.	27.10	24.15	5.19
Mar.	8.49	7.60	-0.09	Mar.	15.92	14.49	3.87	Mar.	26.92	25.57	5.70
Apr.	8.49	7.55	0.40	Apr.	15.91	14.58	4.27	Apr.	28.17	26.62	6.52
May	8.69	7.72	1.11	May	16.69	14.80	3.76	May	30.91	27.60	9.95
June	9.15	7.51	2.01	June	16.60	14.58	2.88	June	34.85	28.98	13.53
July	9.98	7.80	3.27	July	16.08	12.48	2.82	July	36.44	28.25	12.85
Aug.	9.69	7.54	2.71	Aug.	15.29	12.17	2.62	Aug.	36.02	27.40	9.71
Sept.	10.03	7.42	2.99	Sept.	15.27	11.81	1.79	Sept.	34.49	25.42	10.34
Oct.	10.01	7.47	2.41	Oct.	14.92	11.56	0.43	Oct.	32.24	24.41	6.67
Nov.	9.99	7.77	2.44	Nov.	14.98	10.97	0.40	Nov.	30.68	24.52	4.08
Dec.	10.18	8.00	2.44	Dec.	14.89	11.29	0.29	Dec.	27.82	23.28	0.22
1939				1944				1949			
Jan.	10.35	8.52	2.84	Jan.	15.00	11.80	0.62	Jan.	24.72	22.15	-2.24
Feb.	10.23	8.79	2.43	Feb.	15.12	12.95	2.64	Feb.	22.99	21.25	-5.26
Mar.	10.64	9.18	3.10	Mar.	15.23	13.08	3.08	Mar.	24.19	24.37	-3.21
Apr.	10.33	9.21	2.91	Apr.	15.33	12.76	3.32	Apr.	24.37	23.66	-1.05
May	9.92	8.89	2.45	May	15.73	12.84	4.37	May	24.92	24.02	0.51
June	9.29	7.94	1.62	June	16.23	11.65	5.28	June	26.37	22.53	1.85
July	9.28	7.61	1.26	July	16.35	10.93	5.06	July	25.96	20.82	2.70
Aug.	9.03	7.43	0.51	Aug.	16.42	11.50	4.82	Aug.	2/26.40	2/20.45	2/4.25
Sept.	10.20	8.02	1.41	Sept.	16.26	11.34	3.31	Sept.			
Oct.	9.88	8.04	0.50	Oct.	16.56	11.50	3.50	Oct.			
Nov.	9.52	7.95	0.31	Nov.	16.27	11.96	3.51	Nov.			
Dec.	9.44	7.98	0.55	Dec.	15.62	11.49	2.78	Dec.			
1940				1945							
Jan.	9.44	8.07	1.50	Jan.	15.35	12.40	3.70				
Feb.	9.53	8.12	1.92	Feb.	15.42	13.00	4.49				
Mar.	9.86	8.97	2.43	Mar.	15.81	13.60	4.31				
Apr.	10.01	9.06	1.99	Apr.	16.11	13.90	4.77				
May	9.92	9.18	1.88	May	16.16	14.23	4.66				
June	9.57	8.05	1.62	June	16.16	13.73	4.20				
July	10.29	8.09	2.33	July	16.17	13.54	4.68				
Aug.	10.82	8.53	2.75	Aug.	15.98	13.08	3.68				
Sept.	11.15	8.41	3.03	Sept.	16.15	12.25	3.15				
Oct.	11.72	8.52	2.75	Oct.	16.45	12.62	2.85				
Nov.	11.73	8.81	2.67	Nov.	16.56	13.19	2.66				
Dec.	11.86	8.76	2.68	Dec.	16.45	13.41	2.22				
1941				1946							
Jan.	12.21	10.16	4.18	Jan.	16.51	13.66	2.78				
Feb.	11.84	10.00	3.55	Feb.	16.38	14.71	2.82				
Mar.	11.12	10.29	2.59	Mar.	16.37	15.22	3.29				
Apr.	11.07	10.33	2.66	Apr.	16.46	15.86	4.21				
May	10.54	10.06	2.02	May	16.55	15.82	3.93				
June	10.74	9.90	1.93	June	16.98	15.72	3.79				
July	11.11	9.59	2.35	July	19.86	15.53	6.45				
Aug.	11.68	9.79	1.42	Aug.	20.73	15.51	7.17				
Sept.	11.56	9.98	1.56	Sept.	19.58	15.99	4.87				
Oct.	11.36	9.53	1.07	Oct.	24.97	16.42	9.75				
Nov.	11.24	9.35	0.91	Nov.	25.63	16.30	9.77				
Dec.	12.41	10.46	2.35	Dec.	25.28	17.63	9.46				

1/ Margin between prices of Good grade slaughter steers at Chicago for current month shown and of stoker and feeder steers at Kansas City 7 months previously. 2/ Preliminary estimate.

The smaller number of cows and calves slaughtered this year indicates that total cattle numbers at the end of the year will be larger than at the beginning. Apparently, greater grain feeding of cattle has maintained the supply of beef at a time when it would otherwise have been reduced as stockmen held back cattle to increase herds, thereby causing a leveling or upturn of the cattle numbers cycle.

The increases over last year in numbers of cattle on feed this past August 1 were greatest in Iowa, Nebraska, and Michigan. The gain in Iowa and Nebraska, which are leading States in cattle feeding, represents a strong recovery from the low numbers in the summer of 1948.

Reporting farmers indicate that of their cattle on feed August 1 they intend to market a larger percentage before October 1 this year than last. This does not mean that more cattle are being short-fed, but that more of them are heavy cattle which had been held a longer time by August 1 this year than last. There has been less short-term feeding this year than in 1948.

Records of shipments of stocker and feeder cattle from 4 markets for the first 7 months of 1949 show a larger proportion of heavier-weight steers than was the case last year. The number of calves shipped was down 6 percent; however, the number of calves reported on feed has been greater this year than last. Feeders may have bought medium or heavier steers because of a comparatively smaller supply of other feeder cattle, or in some cases may have preferred those weights because of uncertainty as to price trends. The fact that they did so is one reason for the heavy average weights of cattle slaughtered this year.

The larger number of cattle on feed this August 1 portends a continued high level of cattle slaughter and beef production this fall. In late July and early August, slaughter of fed cattle continued large for the season and together with increasing numbers of grass cattle slaughtered raised total cattle slaughter to the highest number since January. The total was a little more than the slaughter in July-August last year. It is fairly certain that slaughter of fed cattle, although declining further seasonally, will remain larger in the next few months than a year earlier, and that more higher grade beef will be produced. However, fewer cattle off grass are likely to be slaughtered this fall than last, and total beef production in the late months of 1949 may be roughly the same as in those months of 1948.

Cattle feeding will be favored this fall by a record supply of corn--possibly 4.3 billion bushels compared with the previous high of 3.8 billion last year. Present prospects are that the prices of corn and of other feeds will be fairly low in relation to the price of fed steers. Costs of gain for the efficient feeder will therefore be relatively low, and point in the direction of favorable returns.

Profits in Cattle Feeding May Depend
Less on Margins, More on
Feeders' Efficiency

Fully as important as feed costs in the profitability of cattle feeding is the margin obtained between the cost of the feeder and the price received for the fat animal several months later. If the price trend is upward while cattle are being fed, feeding margins tend to be high. If it is downward, margins are smaller, or even negative.

Average margins in cattle feeding during the coming season are likely to be smaller than those for several years of the 1940's. As a result, profitability of feeding may depend more than it has for several years on efficiency in feeding and other skills associated with the feeding enterprise. Reasons for this appraisal are that an active demand is likely to hold prices of feeder cattle fairly high relative to prices of slaughter cattle, and that the general long-run increase in meat production now occurring may lead to a slow decline in the average level of meat animal prices.

The number of feeder cattle available this fall may be smaller than last year, although evidence on this is incomplete. The slightly larger number of calves in inventories January 1, 1949 than a year earlier, and the apparently smaller slaughter of young stock this year, support a view that adequate numbers of yearlings for feeding may be on hand this fall. Also, the increased movement of feeder cattle to date this year does not necessarily mean that herds of young stock have been depleted, for a substantial part of cattle entering feed lots this year have been medium-weight stock going on further feeding. On the other hand, after several years when they sold so many steers, heifers and calves that their herds were reduced, cattlemen may be retaining more young stock this year, and it now appears that more calves and possibly more heifers but fewer steers will be reported on farms next January than a year before. If these estimates are correct, slightly more calves, but fewer of the better quality feeder cattle, will be offered this fall than last. Consequently, it is likely that feeders will fill their needs for cattle to go on feed only by taking a considerable number of older stock or feeders of lower quality.

Prices of feeder cattle have been fairly high compared with prices of slaughter cattle. In March, for the first time on record, the average price of stockers and feeders at Kansas City was higher than that of Good grade slaughter steers at Chicago. In the early summer feeder prices declined seasonally, but they have since been more steady. The margin between current feeder and slaughter cattle prices has been much smaller this summer than it was a year ago and a little less than at the same time in 1947.

Prices of slaughter cattle are likely to decline seasonally during the winter. The reduction may be a little greater than usual due to the increased supply of pork. The 15 percent greater pig crop last spring

promises a substantially larger output of pork this fall and winter than last. Nevertheless, the larger pork supply will have a greater effect on prices of hogs than of cattle. Records of previous years of a big spring pig crop show that cattle prices dipped only moderately as hog prices fell. The cause for this relationship may be that demand for beef is partially independent of the demand for pork. Also a factor is the differences in the time it takes with which to increase cattle feeding and hog raising in response to a large corn crop. The big corn harvest of 1948 was followed almost immediately by an expansion in cattle feeding, and a few months later by larger supplies of beef from fed cattle, but substantially larger pork supplies are only now becoming available, 12 months after the corn harvest. As a result, at the time hog slaughter expands this fall the slaughter of fed cattle will no longer be on a sharp uptrend.

Trends in consumers' incomes and demand for meat could play a leading part in the profitability of cattle feeding this coming season. During most of 1949, employment and incomes have been slightly lower than in 1948. Demand for meat relative to incomes has been reduced to approximately its long-time average from its exceptionally high level in the summer of 1948. Incomes of consumers are still very high by prewar standards, with disposable incomes running at an annual rate of more than 190 billion dollars. The position of beef in consumers' diets is sufficiently well demonstrated that prices of beef and of cattle are unlikely to decline at any rapid rate so long as incomes are held near current levels.

Number of Cattle Fed May be Up
Moderately this Winter

The outlook based on present indications is that a large number of cattle will be grain fed this winter, but the percentage increase over a year earlier in the number reported on feed next January 1 will not be as large as it has been for the various reporting dates in 1949. Cattle feeding expanded very fast in October-December last year; that rate of increase can hardly be repeated this year.

Fewer Lambs Raised, Less Dressed
Lamb Produced this Year

So far in 1949, production of lamb and mutton has fallen below comparable 1948 levels. The reduction earlier this year was due to the fewer sheep and lambs in the January 1 inventory and especially to the smaller number on feed. It also reflected an apparent tendency of sheep producers to sell off a smaller part of their herds than they have done in the last few years. As the year progressed, however, the low output of lamb and mutton increasingly represented the 6 percent decrease in the lamb crop this year from last. Only 18.9 million lambs were saved in 1949, 42 percent less than the peak 1941 crop. It was the smallest crop on records going back to 1924, and probably the smallest in 50 years.

The reduction in number of lambs raised in 1949 compared with 1948 is ascribed entirely to the 1-3/4 million fewer breeding ewes on farms and ranches at the beginning of the year. The percentage crop was higher this year than last--87.3 percent compared with 85.5. Although smaller percentage crops were reported this year from several of the States in which winter storms were severe, such as Wyoming, Utah, Nevada, Idaho, Washington and Oregon, the decreases there were more than offset by a substantial increase in Texas. Because of prolonged dry weather, the 1948 lamb crop in Texas was only 59 percent of ewe numbers, but in 1949 the crop increased to 71 percent of the ewes.

The 1949 lamb crop for all the Western sheep States (11 Western States, South Dakota and Texas) was 12,295,000 head, 5 percent less than last year. For the Native States it was 6,611,000 head, 6 percent below last year.

Pasture conditions in the Native sheep States were generally very favorable for the 1949 lamb crop. Lambs made good growth and in only scattered localities was their development retarded by adverse weather. In Texas severe drought conditions continued until early February, when beneficial moisture was received over the entire sheep country. Since that time Texas ranges and pastures have improved to the point where they compare favorably with the best years of record. Dry weather has prevailed this year in much of California. Ranges and pastures in the Mountain States have been generally better, compared with normal, in the southern than in the northern sections.

Commercial Meat Production in First 6 Months Equal to Last Year

Total commercial meat production in the United States in the first six months of 1949 was about the same as in the corresponding period of 1948. In the January-March quarter, commercial production totaled slightly more than a year earlier, and in April-June it was a little less than the corresponding 1948 production. Total production of 9,657 million pounds in the first six months was just under the 9,676 million pounds in the same months of 1948 (table 4).

An increased production of beef nearly balanced decreases for other meats. The 4½ percent greater commercial output of beef in January-June this year compares with a 2 percent smaller output of pork and reductions of 9 percent for veal and 21 percent for lamb and mutton.

Among commercial establishments, those under Federal inspection increased their meat production 5 percent in the first 6 months of this year compared with last, whereas non-federally inspected slaughterers produced 15 percent less meat. The comparisons with 1948 are affected, however, by the packing strike in the spring of that year, which reduced the output of Federally inspected packers much more than that of packers not receiving Federal inspection.

Table 4.- Commercial meat production, United States, by quarter-years
1946 to second quarter 1949

Year	All meats				Year
	January- March	April- June	July- September	October- December	
	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds
1946 ...	5,839	4,440	4,409	5,831	20,519
1947 ...	5,419	5,008	4,840	5,912	21,179
1948 ...	5,026	4,650	4,298	5,477	19,451
1949 ...	5,084	4,573			
Beef					
1946 ...	2,479	1,800	2,191	2,540	9,010
1947 ...	2,542	2,481	2,493	2,580	10,096
1948 ...	2,264	2,107	2,188	2,308	8,867
1949 ...	2,308	2,259			
Veal					
1946 ...	278	252	376	423	1,329
1947 ...	310	336	421	426	1,493
1948 ...	292	321	365	352	1,330
1949 ...	273	287			
Lamb and mutton					
1946 ...	280	223	212	231	946
1947 ...	198	190	182	209	779
1948 ...	185	158	183	205	731
1949 ...	158	113			
Pork excluding lard					
1946 ...	2,802	2,165	1,630	2,637	9,234
1947 ...	2,369	2,001	1,744	2,697	8,811
1948 ...	2,285	2,064	1,562	2,612	8,523
1949 ...	2,345	1,914			

Since meat production was about the same and the population was larger, meat consumption per capita was slightly smaller in each of the first two quarters this year than in 1948. Estimated consumption in January-March was 37.6 pounds compared with 38.2 in the same quarter of 1948, and in April-June it was 35.1 compared with 36.0 last year.

Meat production in July and early August was considerably larger than the 1948 production for the same period. Approximately 6 percent more meat was produced under Federal inspection in July this year than last. A considerably larger increase is indicated for August. Meat output did not decline as much in midsummer this year as in 1948, and recovered earlier.

Even though production will be up substantially, total meat supplies for the July-September quarter may be only a little larger this year than last. Imports of beef and veal increased rapidly beginning in mid-August last year when Canada's wartime export restrictions were removed. Imports will be considerably smaller in August and the remaining months of 1949 than they were in the same months of 1948, since Canada's exports have declined from their temporary high a year ago. For the July-September quarter, meat consumption per capita will be larger by less than 1 pound than the average of 33.7 pounds in the same quarter last year.

In the fourth quarter, production of pork may be approximately 12 percent larger than a year previously, the highest level in 6 years. It will expand total meat production to 3-5 percent above the same quarter of 1948, despite less veal, lamb and mutton and about the same quantity of beef. Total meat consumption may be 1 pound or more above the 38.5 pounds consumed in the fourth quarter last year.

The lower rate of meat consumption the first half of this year may be made up by the higher rate in the second half, and the total for the year may be fully as large as the 146 pounds per person in 1948.

Hog Prices Strong Until Mid-August; Cattle Prices Divergent

About the middle of August, prices of hogs at Chicago reached their highest value for the year. Prices of barrows and gilts averaged more than \$22.00 per 100 pounds during the 4 weeks beginning in the middle of July, compared with an average of less than \$19.00 in May.

Hog slaughter may have reached its low point for the season the week ended August 6 (except for the holiday-shortened week of July 9). Although the 713,000 hogs slaughtered under Federal inspection in that week may have been the seasonal low, it was well above the 563,000 for the same week of last year. Slaughter probably will continue to exceed year-ago levels substantially from now through early fall.

Prices of hogs declined after the middle of August, when they probably reached their summer peak. Although likely to fluctuate from week to week, hog prices are expected to decline as marketings increase.

Because more hogs will be marketed this fall than in several years, the decline of hog prices for the entire fall season may be somewhat greater than the 20-year average reduction of 18 percent. There is a possibility that prices may drop to the support level at some time during the fall. Support prices will vary seasonally from \$18.50 in September to perhaps \$15.00 or less in December.

For a number of weeks, price trends for cattle have been divergent. The better grades of cattle, which come mainly from feed lots, have held steady or increased moderately in price, but the lower grades have sold at progressively lower prices. Supplies of lower grades have increased as more cattle were marketed off grass, although at most markets they have been less than supplies a year earlier.

Prices of stockers and feeders, although even lower than in the spring, did not follow prices of lower grade slaughter cattle in a June-July decline. Many grass cattle have gone into feeder channels, and a continued strong demand for feeder cattle is likely to restrict any further decline in prices of either feeder or lower-grade slaughter cattle. Prices of grain-fed cattle may continue strong, but no appreciable further advance is expected because of the rapid increase due in total meat supplies, and a moderate decline may occur later in the year.

More erratic than prices of other meat animals this year, lamb prices declined over \$8.00 from late May to mid-August. The late May peak, however, was almost \$7.00 above the February low, and was equal to the all-time record price in June 1948. Even after the big summer decline, lamb prices in August were higher relative to other meat animal prices than they were at the same time last year. Chicago prices for Good and Choice slaughter spring lambs the week of August 20 were 116 percent of the Chicago price of barrows and gilts and 89 percent of the price of Good slaughter steers. A year before, lamb prices were 91 percent of hog prices, and 76 percent of steer prices.

Differences in the trends in slaughter this year and last may explain some of the shifts in lamb prices. In April, sheep and lamb slaughter under Federal inspection was down 35 percent from April 1948. By July, the difference had narrowed to 18 percent, and in early August it was 15 percent.

Meat Prices Up in Mid-Summer

Prices of meats at retail generally advanced during the summer, but their moderate rise was sharply different from the extreme and briefly held increase in the summer of 1948. As indicated by reports of the Production and Marketing Administration for New York City, retail prices of steer beef products averaged 6.3 percent higher in July than in May, and 13.2 percent higher than the February low. Lamb prices in July were 5.9 percent lower than in May but 20.4 percent above February. For pork, the gain above May was 6.5 percent, and above February was 4.0. July prices compared with those of July 1948 were down 18 percent for beef, 16 percent for pork, and 2 percent for lamb.

Demand for meat in relation to consumers' incomes in the first half of 1949 was about the same as the prewar average. As measured by the estimated retail value of meat consumption, seasonally corrected, it was considerably lower the first part of this year than in the middle of 1948, when it rose to exceedingly high levels and meat prices generally set all-time records. The near-average level of demand in terms of incomes may hold more promise for stability in the future than did the higher demand of last year.

Because employment declined, consumers' incomes were smaller in the second quarter than in the first. The reduction influenced the demand for meat. In terms of those incomes, however, demand for meat appears to have been maintained or strengthened during the first half of the year. The estimated retail value of meat consumption in the first quarter was down to 5.4 percent of disposable incomes, which is less than the prewar average, but in the second quarter it was up to 5.8 percent of incomes (table 5). In spite of some possible error, these estimates are evidence that demand for meat relative to incomes declined no further in the second quarter of 1949, and probably edged upward.

8 Percent Less Wool Shorn in 1949

Paralleling reductions in sheep numbers and slaughter and in the lamb crop, wool production in the United States in 1949 was 8 percent less than in 1948. The clip of 215,635,000 pounds was 37 percent below the 1938-47 average and the smallest on record.

The smaller clip this year than last was due to a decrease of about 2 million head, or 7 percent, in the number of sheep shorn. The average weight per fleece, 8.00 pounds, was only very slightly less than the 8.05 pound average for 1948.

In the "Native" or "fleece" wool States, production is estimated at 56,658,000 pounds, 7 percent less than last year. Production at commercial feed lots was considerably below last year.

In the 13 Western sheep States (11 Western States, South Dakota and Texas), the estimated production of 158,977,000 pounds is 8 percent less than last year.

Fewer Cattle to be Received From Canada this Year

After Canada lifted its export restrictions in August last year, exports of both beef and cattle to the United States increased greatly. Exports of feeder and slaughter cattle and calves to this country in the last 4½ months totaled about 265,000 head according to statistics from Canadian sources. This number was more than one-half the total of 450,000 cattle and calves, including breeding and dairy stock, exported to the United States during all of 1948.

These large exports together with a high level of cattle slaughter resulted in a depletion of Canadian cattle herds by 7.7 percent during 12 months. Exports of beef and of cattle have diminished in 1949. About 104 thousand cattle and calves for feeding and slaughter were sent to this country in January to June this year, and the Office of Foreign Agricultural Relations estimates that the total stocker and feeder movement for the year will be about 200,000 head.

Table 5.- Retail value of meat consumption compared with disposable personal income, seasonally adjusted, by quarter years, 1948 and 1949

Quarter- year	All meat						
	Civilian consumption per capita		Average retail price per pound		Retail value of civilian consumption per capita	Disposable personal income per capita	Retail value of meat as percent of disposable personal income
	Actual	Seasonally adjusted	Actual	Seasonally adjusted	Seasonally adjusted	Seasonally adjusted	Seasonally adjusted
	Pounds	Pounds	Cents	Cents	Dollars	Dollars	Percent
1948							
Jan.-Mar.	38.2	37.0	---	---	19.03	314	6.1
Apr.-June	36.0	38.5	---	---	20.88	323	6.5
July-Sept.	33.7	36.0	---	---	20.59	333	6.2
Oct.-Dec.	38.5	34.9	---	---	18.91	337	5.6
Year	146.4	146.4	---	---	79.41	1,307	6.1
1949							
Jan.-Mar.	37.5	36.4	---	---	17.88	332	5.4
Apr.-June	35.1	37.7			18.75	323	5.8
					Beef		
1948							
Jan.-Mar.	16.3	16.1	66.3	67.6	8.60	314	2.7
Apr.-June	15.5	16.8	73.0	73.4	9.77	323	3.0
July-Sept.	15.5	15.5	80.9	78.8	9.63	333	2.9
Oct.-Dec.	16.0	14.9	74.8	74.9	8.85	337	2.6
Year	63.3	63.3	73.7	73.7	36.85	1,307	2.8
1949							
Jan.-Mar.	16.2	16.0	64.0	65.2	8.22	332	2.5
Apr.-June	16.0	17.4	65.7	66.2	9.07	323	2.8
					Pork excluding lard		
1948							
Jan.-Mar.	18.4	17.1	50.2	51.7	8.23	314	2.6
Apr.-June	17.1	17.8	50.6	51.4	8.55	323	2.6
July-Sept.	14.4	16.9	56.4	54.4	8.54	333	2.6
Oct.-Dec.	18.8	16.9	52.0	51.5	8.08	337	2.4
Year	68.7	68.7	52.3	52.3	33.40	1,307	2.6
1949							
Jan.-Mar.	18.1	16.8	47.0	48.4	7.55	332	2.3
Apr.-June	16.2	16.9	47.4	48.2	7.57	323	2.3

1/ Not calculated for all meats combined, since the retail value for all meats is the sum of values for individual meats, rather than a product of quantity times price for all meats.

2/ Weighted retail prices for all important cuts.

3/ Computed from estimated retail weight of consumption. Because much meat is delivered through other than retail channels, this is not the same as consumer expenditure for meat.

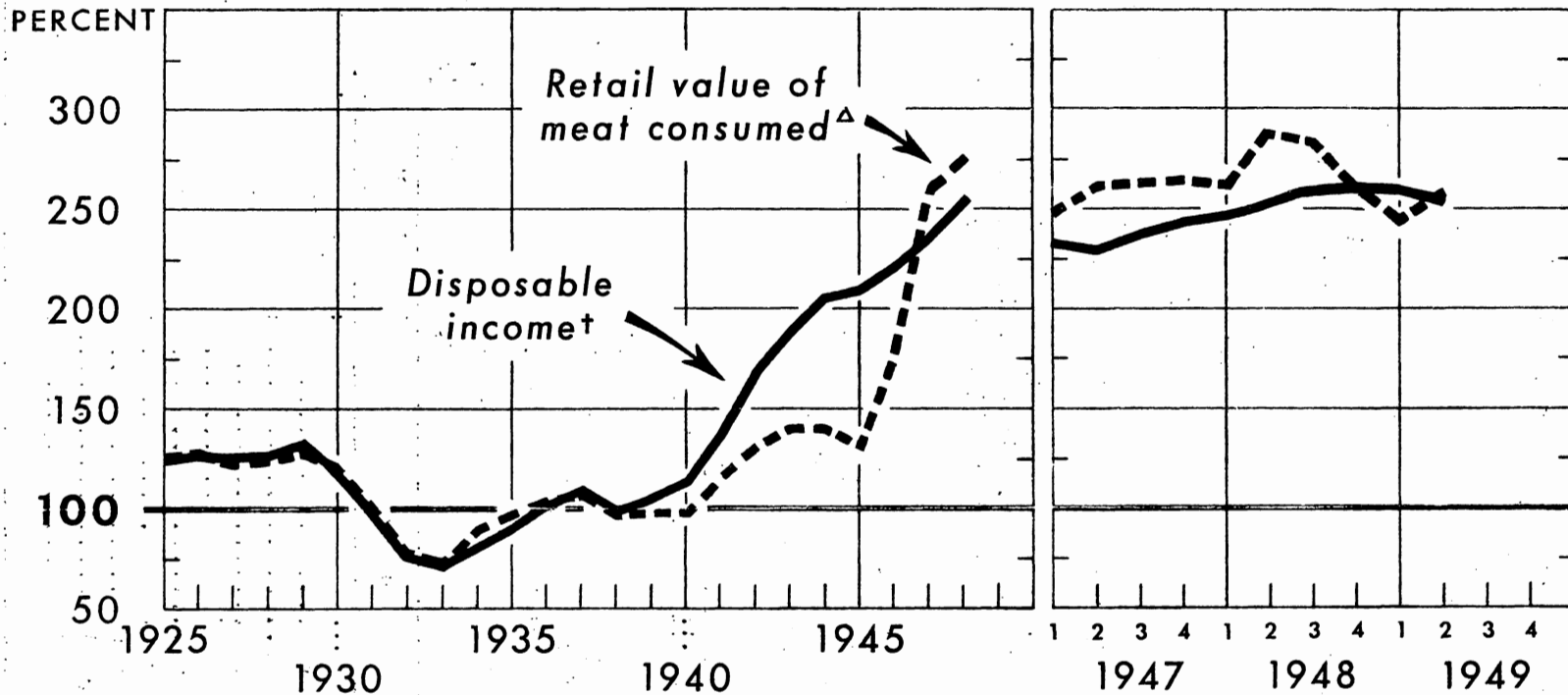
Data by quarters have been rounded to annual totals and cannot be compared precisely column to column.

RETAIL VALUE OF MEAT CONSUMED, AND DISPOSABLE INCOME, PER PERSON, 1925-49

INDEX NUMBERS (1935-39=100)

BY YEARS

BY QUARTERS*



*SEASONALLY ADJUSTED

△COMPUTED FROM ESTIMATED RETAIL WEIGHT OF CONSUMPTION

†DEPARTMENT OF COMMERCE DATA 1929-47; FOR EARLIER YEARS, ESTIMATED

Meat Production on Rise in Europe,
More Stable Elsewhere in World

Meat production in Europe was about as large in 1948 as in 1947, despite poor feed crops in 1947 and a tendency of producers to hold back livestock for expansion of herds. Production will increase in the next few years from its low postwar level, which was 30 percent below prewar.

Livestock numbers in Europe were not reduced as much during the war as was meat production. Livestock were maintained after the war on small feed supplies which resulted in low levels of productivity. Also, some meat animals were turned to draft uses.

Most major meat producing areas other than Europe expanded during the war, so that the 1948 world production of meat was only 4 percent less than the 1934-38 average. It was about 3 percent less than in 1947. Because population has increased, consumption per person, however, was lower than prewar in every area except the United States and Canada.

In 1949, meat production will be fairly constant in Oceania and possibly higher in South America. In the United States and Canada, production may be a little larger, and feed supplies and price relations favor a general uptrend in the future.

In the long-run, meat production in the major meat producing areas of the world probably will be fairly stable or will increase gradually. In several countries, there are undeveloped areas that are suitable for larger livestock enterprises, if disease can be eliminated and facilities improved.

Meat Consumption Per Person in United
States World's Fourth Highest

Average consumption of meat per person in the United States is higher than in the great majority of the nations of the world, but smaller than in Argentina, New Zealand, and Australia, according to the Office of Foreign Agricultural Relations (table 6).

Table 6.- Consumption of meat, per person, selected countries, prewar, 1947 and 1948 ^{1/}

Country	: Prewar : average : Pounds	: 1947 : Pounds	: 1948 ^{2/} : Pounds
Denmark	127	140	122
France	91	81	75
Germany	113	^{3/} 43	^{3/} 42
United Kingdom	124	104	84
Canada	113	140	129
United States	126	155	146
Argentina	242	219	224
Australia	236	195	204
New Zealand	270	218	222

^{1/} Meat includes beef, veal, pork, mutton and lamb, and goat and horse meat but excludes edible offals and lard.

^{2/} Preliminary.

^{3/} Bizonia only.

World Trade in Meat
Smaller in 1948

International trade in meat in 1948, as reported for all major trading countries except those of Asia, was about 18 percent smaller than in 1947 and 29 percent below 1946. A report by the United States Office of Foreign Agricultural Relations, source of these data, explains that the reduced trade in 1948 compared with 1947 reflects the small decrease in meat production, the strong domestic demand for meat in producing countries, and the limited exchange available in consuming countries for the purchase of imported meat.

Exports were smaller in 1948 than 1947 for Argentina, the United States, Denmark, Australia, New Zealand, Canada, and several other countries. The biggest drop in imports occurred in the United Kingdom, the predominant meat importing nation of the world. France, Poland, and a number of other countries also imported less meat last year.

Meat exports of the United States have dropped sharply since the war and immediate postwar period. Imports increased in 1948, and have declined this year. United States imports and exports of meat will be about equal this year. Each will be less than 1 percent of domestic production. The relatively small importance of foreign trade in meat in the United States differs from the greater prominence of such trade in other parts of the world. About 6 percent of world meat production enters international trade.

World Horse Numbers One-
Fifth Below Prewar

The 76 million head of horses reported by the Office of Foreign Agricultural Relations as the world horse population for 1949 represent an increase of 300,000 over 1948, but a decrease of 21 percent from the 1934-38 average. North America (except Mexico), western, northern, and southern Europe, and Oceania showed decreases from 1948. Increases occurred generally in the war-devastated areas of eastern and central Europe, in the Near and Far East, and in South America. Imports from surplus countries, rather than native production, have increased horse numbers in many countries.

Africa is the only continent for which 1949 horse numbers are above the 1934-38 average, while North America and Oceania have the largest reduction from prewar. It is expected that future world horse numbers will not rise substantially above the 1949 figures, and that the difference in trends among various countries will continue.

Table 7.- Retail value of meat consumed, and disposable income, per person, 1925-49

Index numbers (1935-39=100) (Data for figure 1, page 17)		
Years	Index of retail value of meat consumed per capita 1/	Index of disposable personal income per person 1/ 2/
1925	124.7	123
1926	126.8	126
1927	122.3	125
1928	124.1	126
1929	128.2	132
1930	118.9	117
1931	100.0	99
1932	76.6	75
1933	71.1	70
1934	89.0	80
1935	96.8	89
1936	102.3	101
1937	107.5	108
1938	95.8	98
1939	97.6	104
1940	97.6	112
1941	114.4	135
1942	130.2	168
1943	140.2	188
1944	139.9	205
1945	130.2	209
1946	176.6	220
1947	259.1	235
1948	273.2	256
1947		
1st quarter	247.9	231
2nd quarter	261.0	228
3rd quarter	262.4	236
4th quarter	263.7	243
1948		
1st quarter	261.6	246
2nd quarter	287.0	253
3rd quarter	283.0	260
4th quarter	259.9	263
1949		
1st quarter	245.6	260
2nd quarter	257.6	252

1/ 1947-49 data by quarters are seasonally adjusted.

2/ Computed from data of U. S. Department of Commerce, 1929-49. Estimates for 1925-28 by Bureau of Agricultural Economics.

Livestock prices per 100 pounds (except where noted), marketings and slaughter statistics, by species, July 1949, with comparisons

Item	Prices								
	Annual	January-July			1948			1949	
	1936-47 av.	1948	1949	June	July	June	July	Aug.	
	Dol.	Dol.	Dol.	Dol.	Dol.	Dol.	Dol.	Dol.	
Cattle and calves									
Beef steers sold out of first hand:									
Chicago, Choice and Prime.....	16.19	33.58	26.77	36.79	38.72	27.51	27.02		
Good.....	14.73	30.68	24.79	34.85	36.44	26.37	25.96		
Medium.....	12.88	27.12	22.86	30.97	30.83	24.61	23.46		
Common.....	10.75	22.81	20.66	23.91	22.84	21.26	19.27		
All grades.....	14.66	30.45	24.69	34.72	36.37	26.47	25.86		
All grades, Omaha.....	---	---	23.58	---	---	25.44	24.95		
All grades, Sioux City.....	---	---	23.39	---	---	25.40	25.00		
Cows, Chicago, Good grade.....	11.41	23.88	19.54	26.33	25.78	20.81	19.60		
Cows, Chicago, Cutter and Common 1/.....	8.29	18.26	16.26	19.40	19.52	16.68	15.68		
Vealers: Good and Choice, Chicago.....	14.39	27.98	28.10	27.27	28.92	26.13	24.98		
Stocker and feeder steers, Kansas City.....	11.97	26.40	22.66	26.96	28.25	22.53	20.62		
Average price received by farmers:									
Beef cattle.....	10.86	22.70	20.26	24.40	25.20	20.90	20.00	19.40	
Veal calves.....	12.22	24.56	24.06	25.20	26.40	23.40	22.40	22.10	
Hogs									
Average market price, Chicago:									
Barrows and gilts.....	13.07	23.30	19.96	23.62	27.97	20.76	21.51		
Sows.....	12.20	19.68	16.31	20.83	22.93	16.63	16.65		
Average price received by farmers:									
Hogs.....	12.38	22.57	19.19	22.90	25.20	18.80	19.30	19.40	
Corn, cents per bushel.....	95.3	214.6	120.7	216.0	202.0	121.0	125.0	118.0	
Hog-corn price ratio (farm basis) 2/:									
North Central Region.....	14.4	10.6	16.4	10.7	12.7	15.9	15.8	17.0	
United States.....	13.3	10.5	15.9	10.6	12.5	15.5	15.4	16.4	
Sheep and Lambs									
Lambs, Good and Choice slaugh., Chicago 3/:	14.02	26.28	27.03	30.44	30.07	27.49	24.98		
Feeding lambs, Good and Choice, Omaha.....	12.37	---	---	---	---	---	---		
Ewes, Good and Choice, Chicago.....	6.35	12.23	11.45	10.83	11.64	9.41	9.16		
Average price received by farmers:									
Sheep.....	5.72	9.79	9.88	10.30	10.20	9.95	9.33	8.89	
Lambs.....	11.88	22.66	23.61	24.90	26.10	24.40	22.80	21.20	
Meat									
Wholesale, Chicago:									
Steer beef, carcass (Good 500-800 lb.)....	21.28	48.77	40.14	54.26	57.83	43.04	42.51		
Composite hog products (incl. lard) 4/....	21.39	41.43	35.37	41.67	44.10	35.19	36.17		
Lamb carcasses (Good 30-40 lb.).....	23.66	49.70	51.72	58.92	56.80	53.34	48.94		
B.L.S. index retail meat prices 5/.....	124.5	237.0	227.6	255.2	263.0	239.3	234.4		
BLS index wholesale meat prices 6/.....	---	253.6	223.9	265.1	277.2	230.3	227.3		
Index income of industrial workers 1935-39 = 100.....	228.3	355.1	7/	361.3	361.2	7/	7/		

Livestock Marketing and Slaughter Statistics

Item	Unit	1935-39 = 100	1948	1949	June	July	June	July	Aug.
Meat-animal marketings:									
Index numbers (1935-39 = 100)....	---	134	131	130	146	115	129	119	
Stocker and Feeder shipments to 8:									
Corn Belt States:									
Cattle and calves.....	Thous.	---	686	788	134	138	140	164	
Sheep and lambs.....	Thous.	---	596	793	149	61	138	144	
Slaughter under Federal Inspection:									
Number: 8/									
Cattle.....	Thous.	11,943	7,205	7,428	1,109	1,046	1,095	1,090	
Calves.....	Thous.	6,111	3,919	3,685	620	577	533	501	
Sheep and lambs.....	Thous.	19,541	8,210	6,540	1,262	1,195	898	976	
Hogs.....	Thous.	49,529	26,727	28,296	4,235	3,044	3,745	3,165	
Percent sows are of hogs.....	Percent	---	14	---	16	32	28	---	
Average live-weight:									
Cattle.....	Pound	942	949	985	938	925	972	965	
Calves.....	Pound	202	188	186	205	225	201	223	
Sheep and lambs.....	Pound	90	96	95	88	90	88	90	
Hogs.....	Pound	271	258	255	273	281	266	282	
Meat Production:									
Beef.....	Mil. lb.	5,972	3,619	4,023	545	505	585	576	
Veal.....	Mil. lb.	687	408	387	70	72	60	62	
Lamb and mutton.....	Mil. lb.	807	362	289	52	50	37	41	
Pork (excluding lard).....	Mil. lb.	6,983	3,900	4,017	651	478	557	495	
Storage stocks first of month:									
Beef.....	Mil. lb.	---	---	---	97	83	87	74	68
Veal.....	Mil. lb.	---	---	---	6	6	7	7	7
Lamb and mutton.....	Mil. lb.	---	---	---	8	8	7	7	6
Pork.....	Mil. lb.	---	---	---	580	582	466	420	365
Total meat and meat products.....	Mil. lb.	---	---	---	790	779	673	612	544

1/ Common until July 1939 when changed to Cutter and Common. 2/ Number of bushels of corn equivalent in value to 100 pounds of live hogs. 3/ Woolled lambs until June, when quotations shifted to spring lambs. 4/ Calculated from value of 71.32 pounds of fresh and cured hog products including lard. 5/ 1935-39=100. 6/ 1928=100. 7/ Data for June and July 1949 not yet available due to revision of series. 8/ 1948-49 slaughter excludes Hawaii and Virgin Islands.

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