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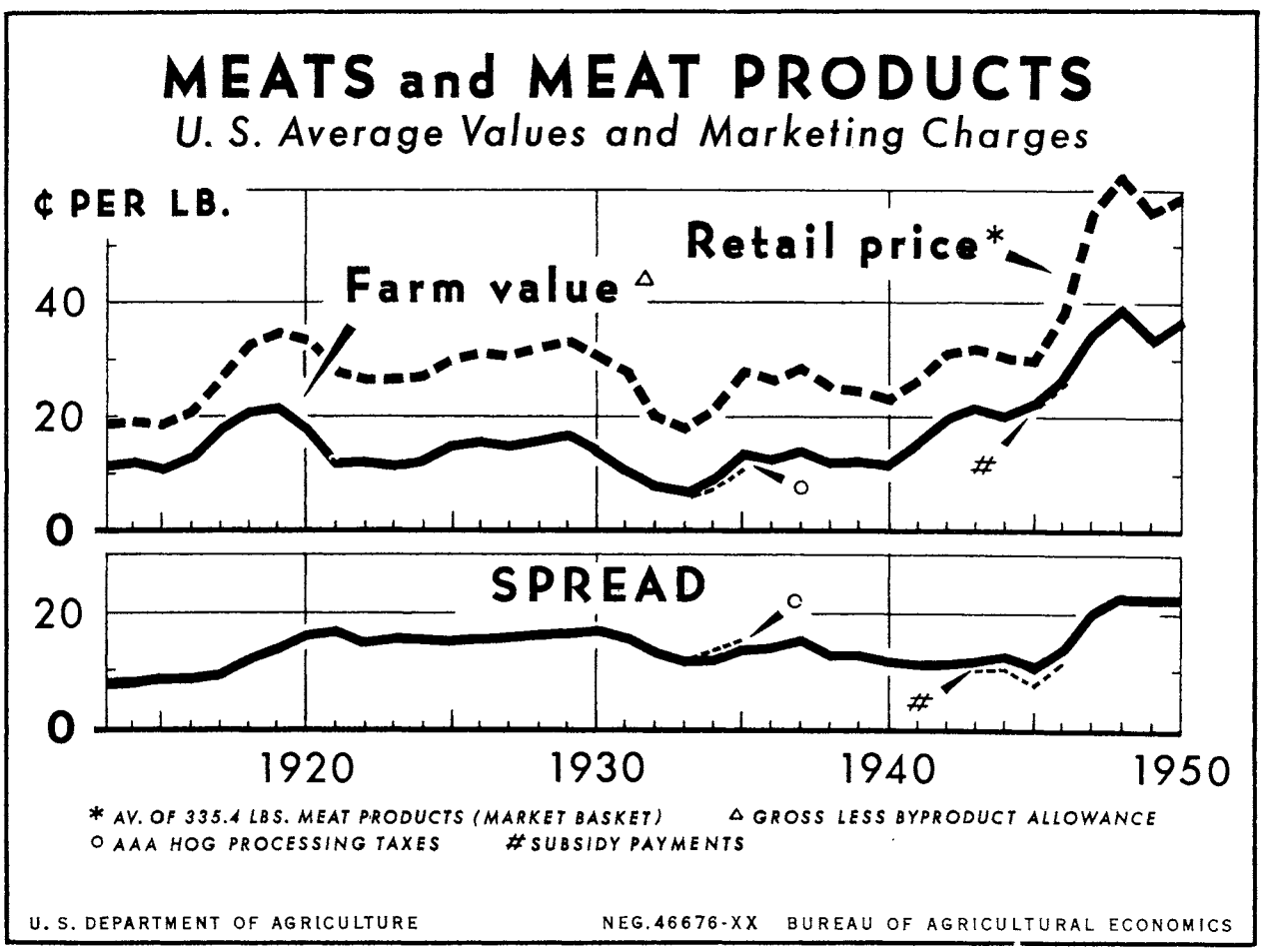
THE Livestock and Meat SITUATION

BUREAU OF AGRICULTURAL ECONOMICS
UNITED STATES DEPARTMENT OF AGRICULTURE

LMS-47 BAE JANUARY 1951

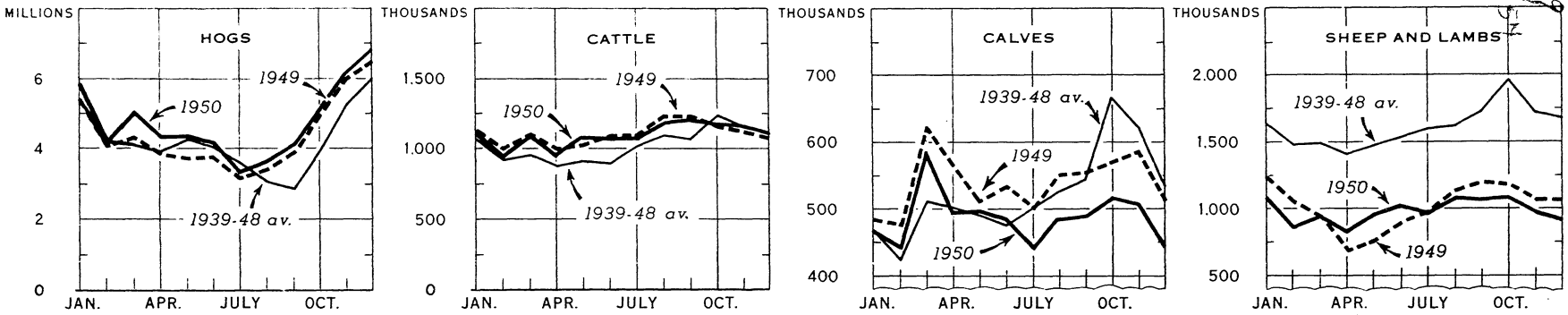


Average retail prices for meats advanced sharply in the spring and summer of 1950 and averaged higher for the year than in 1949. The marketing charge for meats, which is usually more nearly stable than prices of meats or meat animals, apparently did not change much in 1950 from its general postwar level.

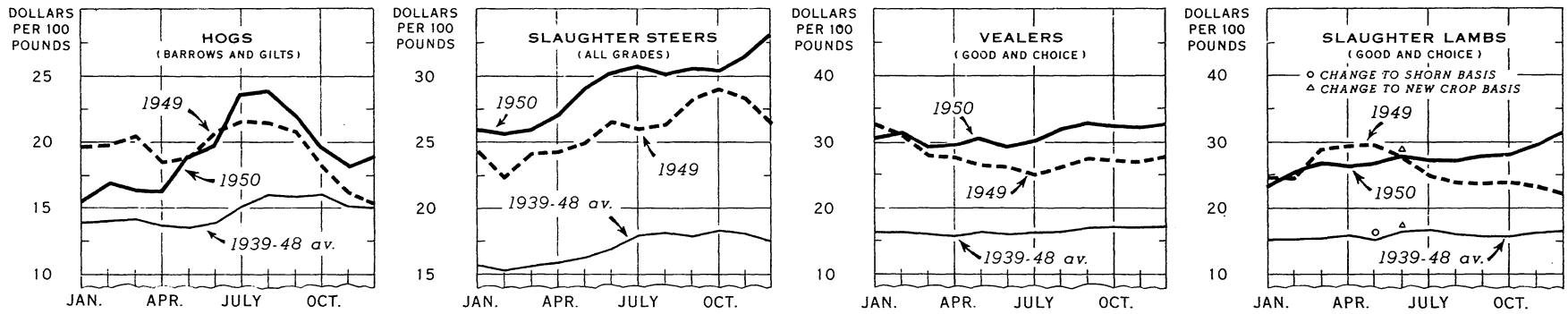
The marketing charge for meats includes the entire spread from value of the live animal to price in the retail market, and covers marketing, processing and distribution costs for both live animals and meats.

LIVESTOCK AND MEAT SITUATION

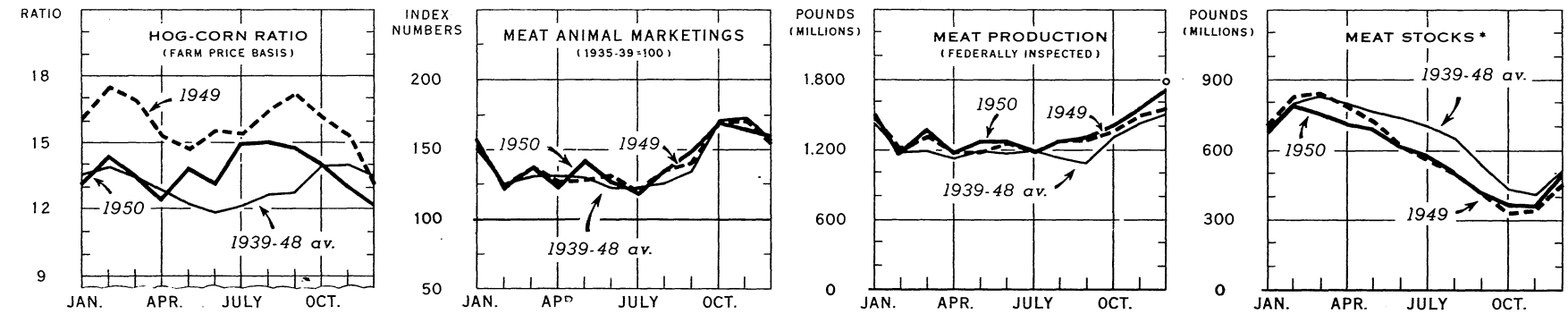
FEDERALLY INSPECTED SLAUGHTER, UNITED STATES



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
○ ESTIMATED

THE LIVESTOCK AND MEAT SITUATION

Approved by the Outlook and Situation Board, January 25, 1951

SUMMARY

On January 26 the Economic Stabilization Agency issued a general price and wage freeze which placed ceilings on wholesale and retail prices of meats. Ceilings on meat are the highest prices of the period from December 19 to January 25. Prices of live animals were not put under control.

Price trends up to the time of the order had been generally upward, as demand had increased further and slaughter supplies of livestock had been reduced seasonally.

Prices of hogs advanced considerably from mid-December to late January. Hog slaughter decreased in January from its early December peak but was above January last year. Slaughter will not increase until about the middle of March, when sizable marketings will begin from the 1950 fall pig crop.

Prices of cattle also rose in late 1950 and in January. The biggest increase from mid-fall was in the top grades. Slaughter of cattle in January was seasonally smaller than in December but slightly larger than last January. In both December and January, beef production was moderately larger than a year earlier. Greater numbers of well-finished cattle in market receipts lifted average slaughter weights substantially. Numbers of well-finished cattle marketed and total production of beef are likely to remain a little larger than last year.

Prices of lambs set new highs in January. Sheep and lamb slaughter, which at this season is made up largely of fed lambs, was somewhat smaller than in January last year. Slaughter will decline seasonally and will likely remain below a year earlier. The number of lambs on feed January 1 was down 6 percent from January 1949. The reduction was due to the smaller 1950 lamb crop and the increased proportion of ewe lambs retained last fall for addition to breeding herds. Except for the additional ewe lambs held back, lamb slaughter late in 1950 was fairly large relative to the size of the lamb crop.

Reports on numbers of cattle on feed and of hogs to be raised point to a moderate increase in meat production for 1951 compared with 1950. On January 1 a record number of cattle were on feed -- 5 percent more than last year. There were 2 percent more on feed in the Corn Belt this year than last and 15 percent more in the western States. However, the numbers on feed January 1 included an unusually large proportion of cattle of light weight, which will not reach market until late in the year. Prospects are that total beef production for the year will be moderately larger than last year.

Farmers saved 9 percent more pigs last fall than the previous fall and they have planned for 6 percent more pigs this spring than last. The increase in fall pigs will result in a roughly equivalent increase in pork production during the season from March through August, and the increase that is realized in spring pigs will govern pork production beginning in September. Slaughter weights of hogs are expected to average slightly heavier in 1951 than last year, thus contributing to the increase in total pork production.

Pork and beef supplies may be up enough in 1951 to fill military needs and provide 3 pounds more meat per person than the 145 pounds in 1950.

REVIEW AND OUTLOOK

January Meat Production Down Seasonally; Still Above Last Year

Total meat production in January was seasonally below December, but above January of last year. Production declined sharply at the holiday season, as it usually does, then recovered. January production of beef and pork was larger than last year, but production of veal and of lamb and mutton was smaller.

Hog Slaughter Down Seasonally; Further Decreases Likely

Hog slaughter and pork production decreased in January from the seasonal peak late last year but was still fairly large for the month. According to preliminary estimates, Federally inspected slaughter of hogs for the week ending January 20 totaled 1,584 thousand head, 177 thousand below the peak six weeks earlier. The number of hogs slaughtered under inspection the first three weeks in January was about 5 1/2 percent larger than a year earlier.

Hog slaughter will probably continue to decline until sometime in March, when marketings of hogs from the 1950 fall pig crop will begin in volume.

The total number of hogs slaughtered in the first three months of 1951 is expected to be only slightly larger than in the same period last year. The chief reason for this prospect is that the bulk of the increase in the 1950 spring pig crop over the previous crop has been accounted for by slaughter to date.

Beginning about the first of April, the number of hogs slaughtered will be considerably larger than a year earlier. The increase will reflect the 9 percent more pigs saved in the 1950 fall pig crop than in the fall crop of 1949. Most of the pigs born in the fall reach market between March and early September.

Slaughter Weights Up Seasonally

Weights of hogs slaughtered have been increasing seasonally for about four months. The average weight of barrows and gilts at 7 markets for the week ending January 20 was 246 pounds, 34 pounds above the 212 pound average for the first week of September and 7 pounds above the same January week last year.

Many of the hogs marketed in January were farrowed as long ago as last April, having been held past the December low point in prices. Since a 200 pound hog on full feed will gain about 50 pounds a month, such a postponement in marketing increases average weights appreciably. The average weight of barrows and gilts is expected to increase for the next month or so. Thereafter, receipts of lighter weight hogs from fall farrowings will reduce the average market weights.

Hog Prices Up From Mid-December

Hog prices began to advance about the middle of December. Prices continued upward during most of January, though at a slower rate than during the last half of December. The average price of barrows and gilts at 7 markets for the week ending January 20 was $20.32, as compared with $19.37 a month earlier and $15.57 a year earlier.

Price Discounts For Heavy Hogs Widen

Price discounts in January on hogs weighing over 240 pounds were greater than during December but not as large as last January.

Seasonal trends in price discounts are closely related to seasonal changes in supplies of hogs of various weights. Discounts are wide for heavy hogs in January because more of the hogs marketed then are heavy. The large supply of heavy hogs in January is made up mostly of heavy barrows and gilts. Few sows are slaughtered in that month. This is the opposite of the situation in mid-summer, when discounts are again wide but almost all the heavy hogs are sows.

Despite the widening discounts this January, producers who held hogs for the price advance beginning in mid-December generally gained by doing so. The over-all increase in hog prices was so sharp that heavy hogs sold for more per 100 pounds in January than did medium hogs in early December. This observation confirms the rule that seasonal changes in discounts are not alone a sufficient guide to producers in their choice of times to market their hogs, but should be considered along with seasonal changes in over-all prices. Past experience has shown that when the corn-hog ratio is average or above, producers having hogs weighing 200-225 pounds in December and early January can, in most years, profitably hold them three or four weeks longer and put on 40-50 pounds gain in weight. The same is true for producers having hogs weighing 200-225 pounds in May and June. In August to October, however, it is seldom profitable to hold hogs long after they reach 200-225 pounds, regardless of the relative price of corn and hogs.

Cattle Slaughter Decreases Seasonally; Fed Cattle Still Dominate Marketings

Cattle slaughter was seasonally smaller in January than at its recent high in early December but slightly above a year earlier. Slaughter for the first quarter of 1951 may be a little larger than in the same quarter last year.

Marketings of well-finished cattle are still a relatively big part of slaughter supplies. Because of them, average slaughter weights in recent months have been about 30 pounds above same months of the previous year. The total number of cattle slaughtered under Federal inspection in all of 1950 was 1 percent less than in 1949, but due to the heavier weights the year's inspected beef production was slightly larger. Similarly, heavy weights have been a principal factor in a larger beef production thus far in 1951 than in the same period of 1950. Numbers of well-finished cattle slaughtered and average weights for all cattle are likely to hold above the levels of last winter.

Prices Up Most For Well-Finished Cattle

Prices of slaughter cattle trended moderately higher in January following a sharp uptrend late in December. The December rise was confined mainly to the top grades but in January prices of all grades advanced. In early January, for the first time in almost a year, several carloads of top quality slaughter steers sold at Chicago for $40.00 per 100 pounds. The average price of Prime steers at Chicago for the week ending January 18 was $38.52, $2.40 higher than a month earlier for the comparable grade, and the average price for Utility steers was up $2.39 from a month earlier. Compared with the first week in December, however, Prime steers had advanced $3.51 and Utility steers $2.24. (For a discussion of comparable grade names in 1950 and 1951, see page 11.)

Prices of slaughter cows, bulls, heifers, and vealers also continued upward in January and at the end of the third week of the month were at or near record high levels.

Number of Cattle On Feed a New High

The 4,656,000 cattle reported on feed January 1 this year are 208,000 head or 5 percent more than the number on feed last January. The number this year is the largest on record, surpassing the previous high of January 1, 1949. In the Corn Belt, the number on feed this year is 2 percent larger than last. Indiana, Michigan and North Dakota are the only North Central States in which fewer cattle are on feed than last year. Feeding in the West is up 15 percent. Increases were reported for all western States except Idaho, New Mexico and Nevada. California reported 248,000 head of cattle on feed, 27 percent more than last year. (Table 1.)

Cattle on Feed Again Light in Weight

Cattle on feed in the Corn Belt were slightly lighter in weight this January 1 than last and much lighter than two years ago. Weights are lighter because an unusually large number of them were calves or light weight steers.

Feeders reported that they intend to market about the same proportion of their fed cattle by April 1 this year as last. The increased number of cattle on feed may thus result in larger marketings of fed cattle both during late winter and in the spring and following seasons as well.

Record Prices Paid For Stocker and Feeder Cattle

Prices for feeder cattle advanced in January as a result of a strong demand to refill feed lots and the seasonally reduced supplies. The average price of all steers shipped to the country from 5 markets passed $30.00 in early January, a new record price. They were about $8.60 higher than a year earlier.

Table 1.- Number of cattle and calves, and sheep and lambs, on feed January 1, by regions, 1935 to date

Cattle and calves

Year	Pennsylvania	North Central States: East North Central	North Central States: West North Central: 3 Corn Belt 1/	North Central States: West North Central: 4 Plains 2/	Texas and Oklahoma	Western States: California	Western States: Other Western	United States
	1,000 head	1,000 head	1,000 head	1,000 head	1,000 head	1,000 head	1,000 head	1,000 head
1935	76	579	890	339	60	71	200	2,215
1936	84	750	1,130	640	145	100	353	3,202
1937	84	740	947	333	125	138	392	2,759
1938	92	840	1,199	452	192	152	409	3,336
1939	78	855	1,166	530	194	125	355	3,303
1940	74	944	1,330	522	194	163	406	3,633
1941	72	1,002	1,509	639	230	169	444	4,065
1942	70	961	1,521	772	251	128	482	4,185
1943	80	993	1,612	928	264	154	414	4,445
1944	75	905	1,517	802	172	134	410	4,015
1945	70	907	1,642	1,020	210	125	437	4,411
1946	82	888	1,500	948	166	149	478	4,211
1947	90	961	1,552	904	171	166	463	4,307
1948	85	850	1,250	744	165	209	518	3,821
1949	88	939	1,501	965	214	258	565	4,530
1950	88	976	1,564	909	216	196	499	4,448
1951 3/	84	967	1,598	963	235	248	561	4,656

Sheep and lambs

Year	11 Corn Belt States 4/: East	11 Corn Belt States 4/: West	Western States 5/	New York	United States
	1,000 head	1,000 head	1,000 head	1,000 head	1,000 head
1935	1,040	2,330	2,249	50	5,669
1936	1,177	2,085	2,389	50	5,701
1937	1,203	1,590	2,754	50	5,597
1938	1,368	1,913	2,765	45	6,091
1939	1,194	2,007	2,639	45	5,885
1940	1,172	1,987	2,642	40	5,841
1941	1,186	2,492	2,744	54	6,479
1942	1,083	2,761	2,978	45	6,867
1943	1,049	3,260	2,596	49	6,954
1944	1,031	2,931	2,506	44	6,512
1945	950	3,404	2,521	36	6,911
1946	1,033	3,182	2,585	37	6,837
1947	821	2,872	1,965	35	5,693
1948	840	2,003	1,983	25	4,851
1949	697	1,771	1,510	25	4,003
1950	623	1,649	1,352	20	3,644
1951 3/	604	1,582	1,235	19	3,440

1/ Minnesota, Iowa, Missouri. 2/ North Dakota, South Dakota, Nebraska, Kansas. 3/ Preliminary. 4/ North Central States, except North Dakota. 5/ Eight mountain States, three Pacific States, Texas, Oklahoma, and North Dakota.

Shipments of feeder cattle this winter have been large for the season. Receipts at 8 Corn Belt States were up 12 percent in November and 27 percent in December from the previous year. Shipments from 5 markets in January were larger than those last January.

Fed Lamb Marketings Seasonally Large; To Decline

Sheep and lamb slaughter increased during January from its holiday low, but it was smaller than last January. It included large marketings of fed lambs. Unusually early placements of lambs on feed last fall caused marketings from feed lots to be earlier than usual. Sheep and lamb slaughter is expected to decline seasonally as the major feeding season is completed, and to remain moderately below 1950 levels for the next few months.

Sheep and Lamb Prices Record High

Prices of sheep and lambs continued to move up during January as demand for all classes was strong. Wooled Good and Choice slaughter lambs at Chicago averaged $34.86 the week ending January 20, $11.81 above the same week in 1950 and higher than the previous record price for either wooled or spring lambs. Prices of mature sheep continued to set new highs almost each succeeding week. Shorn Good and Choice ewes at Chicago for the week ending January 20 averaged $19.70 as compared with $16.20 a month earlier and $12.45 a year earlier.

Fewer Sheep and Lambs on Feed January 1

The 3,440,000 sheep on feed January 1 this year was 204,000 head or 6 percent less than a year ago, and the smallest number on feed since 1920. Reductions from last year were due primarily to the fewer lambs saved in 1950 than in 1949 and the relatively larger number retained for stock sheep.

In the Corn Belt, only Nebraska and Illinois reported increases in lambs on feed this January 1. Nebraska showed a sharp increase in feeding due largely to the shift of lambs from Kansas wheat pastures. Deterioration of wheat pastures in the Great Plains States caused considerable shifting of lambs this fall and winter to alternative pasture areas or to feed lots, or sometimes resulted in early marketing for slaughter.

Five of the western States had more lambs on feed than last year, though fewer than in previous years. In Colorado, the leading western feeding State, the number of lambs on feed reached a new low in 40 years of record, and the reduction there from 1950 was greater than the combined increase in the five other States.

Prices of feeder lambs have set record highs in recent weeks. The average price at Omaha for the week ending January 6, the latest week for which a price was reported, was $31.25 per 100 pounds, well above the $23.06 the same week in January 1950.

1951 Total Meat Production To Exceed 1950

Prospects are for a larger meat production in 1951 than in 1950. The greatest gain will probably be in pork, which will be upped by the 9 percent increase in the 1950 fall pig crop over the 1949 fall crop, and the 6 percent more pigs indicated for this spring than last. Prospects are that slaughter weights of hogs may be slightly heavier than in 1950, and will contribute to more pork.

A moderate increase over 1950 is also likely in output of beef. There will probably be less lamb and mutton this year than last. No great change is expected in output of veal.

The increase in supplies of pork and beef will provide for larger military demands for meat and may allow civilian meat consumption to increase by about 3 pounds per person over the 145 pounds consumed per person in 1950.

January 1 Meat Stocks Up 9 Percent

The into-storage movement of almost a quarter billion pounds of meat during December brought total cold storage holdings of all classes of meats on January 1 to 791 million pounds. These holdings were about 66 million pounds or 9 percent greater than those a year earlier.

With meat production in December at a peak for the year, each kind of meat showed a net gain in storage stocks in that month. The movement of 192 million pounds of pork into commercial storage was larger than a year earlier and was about in line with the increase in pork production over a year earlier. Total pork holdings of 518 million pounds on January 1 was 9 percent above last year. Beef stocks were increased at about the seasonal rate. The January holding was well above last year but still below the 1945-49 average. Frozen veal and frozen lamb and mutton in storage on January 1 were below last year and well below the average of the last five years.

Meat Prices Rise Further; Controls Established January 26

Retail prices of meats generally advanced in late December and early January. Price rises, particularly for pork, often occur at that season because of the seasonal decrease in slaughter. On January 26, the Economic Stabilization Agency announced price controls on meat at wholesale and retail. Ceilings named were the highest price of the period from December 19 to January 25. No control was placed on prices of live animals.

Bans Removed on Imports of Canned Meats from Mexico; Continue on Fresh Meat and Live Cattle

Effective December 30, 1950 certain canned and cooked meats and meat food products were permitted entry into the United States from Mexico for domestic consumption. Imports of fresh, chilled or frozen meats and of live animals are still prohibited from Mexico as well as from all countries in which foot-and-mouth disease is known to exist.

Unlike the fresh products, trade in canned meat is determined by whether the shipping country has a system of sanitary inspection that conforms to minimum United States standards. The Mexican system has been found acceptable.

The United States border was closed to imports of fresh beef and live cattle from Mexico on December 26, 1946 as part of the joint program for control and eradication of foot-and-mouth disease in Mexico. Thereafter, many of the cattle formerly shipped to the United States were slaughtered in meat canning plants in northern Mexico. As part of the over-all program, the United States agreed to purchase much of this canned beef, but only for re-export to foreign countries. Exports of canned meat from Mexico to the United States under this program reached an annual peak of 83 million pounds in 1949 but have been negligible since February 1950 (table 2).

Table 2.- Exports of canned meat from Mexico, by years 1946 to 1949, and January-July 1950

Year	Country of immediate destination		
	United States 1/	Other	Total
	Thousand pounds	Thousand pounds	Thousand pounds
1946	3,792	24	3,816
1947	2/	2/	10,970
1948	64,996	4	65,000
1949	83,363	11	83,374
1950			
January-July	13,195	3/	13,195

1/ Mexican canned meat was held in storage or was in transit in the United States for distribution under foreign relief programs. 2/ Not available. 3/ Less than 500 pounds.
Foreign Crops and Markets, Office of Foreign Agricultural Relations.

The three-year quarantine, vaccination, and slaughter program carried on jointly by Mexico and the United States has done much toward bringing foot-and-mouth disease in Mexico under control. A recent local outbreak of the disease has postponed the removal of restrictions on imports of fresh beef and live cattle into the United States.

Mexico has in the past been more important as a source of feeder cattle than of slaughter cattle or meat. Around 500,000 feeder cattle and calves were imported yearly.

Canada Lifts Restrictions On Pork Shipments

The Canadian Government has announced that import and export restrictions on pork and pork products to and from Canada have been lifted. This action ends a three-year prohibition on entry of United States pork into Canada. It also ends controls on Canadian exports of pork, which were significant mainly in relation to Canada's pork contracts with Great Britain. For several months export licenses had been granted rather freely to Canadian exporters for secondary pork products such as cooked hams, bacon, tenderloins and other processed pork.

With the removal of restrictions on pork shipments, trading in livestock and meats between Canada and the United States now depends largely on the relative price differentials between the two countries, as modified by import duties and tariff quotas. Controls on exports of live and dressed cattle and sheep were removed by the Canadian Government in August 1948.

It is not anticipated that the lifting of export and import restrictions on pork will result in a large volume of trading in that meat between the two countries. Exports of pork from the United States to Canada averaged 21.0 million pounds, product weight, annually in 1937-41, and imports from Canada were 8.4 million pounds.

Imports of New Zealand Meat Planned

Plans have been completed for shipping 11.2 million pounds of meat from New Zealand to the United States and Canada in late January or early February, the Office of Foreign Agricultural Relations has announced. Four shipments of 2 million pounds each to the United States are proposed, a total of 8 million pounds. The New Zealand Meat Producers' Board will act as selling agent and sales in the United States will be handled by designated agents. Originally only the export of manufacturing meat, presumably ewe carcasses, was considered but the proposed shipment will include quantities of other meats. All shipments will be made to the east coast of the United States. They represent an attempt to lay a foundation for a permanent meat trade with North America.

Federal Grade Standards For Slaughter Cattle Changed

Effective December 30 the Federal grade standards for slaughter cattle were revised. The changes were made primarily to bring the slaughter grades into line with new grades for steer, heifer and cow carcasses that were put into effect December 29. (See Livestock and Meat Situation for December 1950, page 16.)

The changes include: (1) The old Prime and Choice slaughter grades are combined under the name Prime. (2) For slaughter steers and heifers the old Good grade is renamed Choice. (3) A new Good grade is set up for young steers and heifers formerly included in the top half of the old Medium grade. (4) The new Commercial grade includes the remainder of the steers and heifers in the old Medium grade. For cows, the new Commercial grade includes animals formerly grading Good or in the upper half of the old Medium grade and is the top grade for cows. (5) The old Common grade is renamed Utility.

While these changes affect Federal grades for slaughter steers, heifers and cows, the names for two grades of bulls and stags are also changed. For both these classes the old Medium grade is renamed Commercial and the Common grade renamed Utility. The old Good grade of bulls and stags is unchanged.

Official market news reports have been on the basis of these new grades since January 1. While no official grading of live animals is done by the United States Department of Agriculture, the grades are available as guides, and do form the basis for uniform reporting in official market reports.

Western Winter Range Conditions About Average

Range feed conditions were about average during December for the western ranges as a whole. In general, January 1 conditions varied from good in the northern part of this area to poor in the southern part, where some areas of Texas, New Mexico, Arizona and Nevada were experiencing a drouth. Western ranges were mostly open during December and supplemental feeding was limited mostly to the dry areas. As a result, livestock have maintained about average condition ratings, and on January 1 were reported in about the same condition as a year earlier. Early lambing conditions have been favorable in Arizona and California but ewe bands are generally below average condition in the early spring lamb areas of Texas and New Mexico.

Meat Marketing Charges in 1950 Nearly the Same as 1949; Prices Higher

The average retail price of meat and the farm value of live animals increased in 1950 over 1949, but the marketing margin was more nearly stable, according to estimates of this Bureau. 1/ On an all-meat basis, the average retail price of meat in 1950 at 59 cents was about 3 cents a pound higher than a year earlier. The farm value of live animals (as corrected for value of products other than meats, such as hides and pelts) showed close to the same increase as the retail price. The marketing margin -- the spread betwe the two prices -- thus changed little, holding its previous postwar level.

The apparent stability of marketing charges and the increase in prices resulted in an increase in the percent of the consumers' meat dollar received by farmers. The farmers' share of the retail meat dollar in 1950 is estimated as 62.3 cents, 2.1 cents above the share in 1949. Previously the farmers' share had declined each year since 1945, when it was affected by price controls and subsidy payments, but the share in each postwar year was considerably above the 1937-41 average of 50 cents.

1/ Basic data published in Been, R. O., Price Spreads Between Farmers and Consumers, Agricultural Information Bulletin No. 4, BAE, USDA, Washington, 1949; and in the monthly Marketing and Transportation Situation.

An increase in the farmers' share is indicated for each kind of meat. For pork, the average retail price, the farm value and the marketing margin all declined slightly. The farmers' share of the retail pork dollar increased a little. For beef, the retail price (reported as Good grade, now Choice) and the farm value advanced substantially in 1950 from 1949 and the marketing charge increased moderately. The farmers' share of the beef dollar rose about 2 cents. For lamb, retail and farm prices increased but the marketing margin decreased, and the farmers' share of the lamb dollar rose 3 cents (tables 3 and 4).

Retail price data used in these comparisons are derived from average prices for individual cuts of meat reported by the U. S. Bureau of Labor Statistics. The prices for beef and for lamb are simply averages of prices of carcass cuts, of a specified grade, and do not include prices of edible byproducts or processed products. The pork series includes an allowance for edible byproducts and minor pork products on a fresh basis. Price data for all meat combined include estimates for miscellaneous processed or canned meat products and sausages and, in the case of beef, they apply more nearly to all grades and qualities of the meat and live animals sold in any year than do data for the individual meat. For these reasons, price and margin data for all meats do not reflect exactly the trends for individual meats.

Price comparisons between the live animal and retail meat may also be made from data of the Production and Marketing Administration for Chicago and New York. In general, the PMA data show about the same change from 1949 to 1950 as do BAE United States average data in the case of pork, but indicate a somewhat greater increase than do BAE averages in the marketing charge for beef. Both PMA and BAE data point to some increase in margins in the second half of 1950 compared with the first half, particularly in margins for beef.

The net farm value as calculated for BAE data is the value of a quantity and grade of live animal equivalent to a retail pound of meat, as adjusted to eliminate the imputed value of inedible byproducts and, in certain years, for Government payments to producers and for processing taxes. For example, the farm value of 2.16 pounds of slaughter lamb less an allowance for inedible byproducts obtained from the live animal is compared with the retail price of one pound of lamb at retail.

The marketing charge per pound of meat is the difference between the retail price and the net farm value. This charge or margin covers cost and profits of the entire marketing process including the transportation, marketing and slaughter of livestock and the processing, transportation, wholesaling and retailing of meat. Many of these marketing costs such as labor, rents, materials and supplies, transportation charges, taxes and interest are relatively fixed over short periods of time. For this reason marketing charges tend to change more slowly and to continue a trend in one direction longer than do meat and livestock prices. They are particularly likely to be relatively stable during a period of sharply changing meat and livestock prices, such as those in the spring of 1950.

Table 3.- Average retail price of meats, farm value and marketing charge, per retail pound, by years 1937-50, by months 1950

Year or month	Retail price 1/	Net farm value 2/	Margin	Government processor payments 3/	Marketing charge 4/	Government payments to producers 5/	Adjusted farm value 6/
	Cents	Cents	Cents	Cents	Cents	Cents	Cents
	All meat products						
By years:							
1937	28.5	13.7	14.8	---	14.8	---	13.7
1938	25.1	12.0	13.1	---	13.1	---	12.0
1939	24.4	11.6	12.8	---	12.8	---	11.6
1940	23.3	11.4	11.9	---	11.9	---	11.4
1941	26.6	15.1	11.5	---	11.5	---	15.1
1942	30.9	19.7	11.2	---	11.2	---	19.7
1943	32.0	21.6	10.4	1.1	11.5	---	21.6
1944	30.4	20.1	10.3	1.9	12.2	---	20.1
1945	30.0	21.8	8.2	2.8	11.0	0.2	22.0
1946	38.5	26.3	12.2	1.8	14.0	0.2	26.5
1947	55.4	35.4	20.0	---	20.0	---	35.4
1948	62.0	39.0	23.0	---	23.0	---	39.0
1949	56.0	33.7	22.3	---	22.3	---	33.7
1950 7/	59.1	36.8	22.3	---	22.3	---	36.8
By months, 1950:							
Jan.	53.2	31.1	22.1	---	22.1	---	31.1
Feb.	53.5	33.2	20.3	---	20.3	---	33.2
Mar.	54.3	33.5	20.8	---	20.8	---	33.5
Apr.	54.5	34.0	20.5	---	20.5	---	34.0
May	57.9	37.3	20.6	---	20.6	---	37.3
June	60.4	37.4	23.0	---	23.0	---	37.4
July	63.0	40.3	22.7	---	22.7	---	40.3
Aug.	63.8	39.9	23.9	---	23.9	---	39.9
Sept.	63.9	40.0	23.9	---	23.9	---	40.0
Oct.	61.4	38.4	23.0	---	23.0	---	38.4
Nov.	60.8	38.2	22.6	---	22.6	---	38.2
	Beef (reported as Good grade now Choice)						
By years:							
1937	31.6	19.3	12.3	---	12.3	---	19.3
1938	27.9	14.7	13.2	---	13.2	---	14.7
1939	28.6	15.7	12.9	---	12.9	---	15.7
1940	28.7	16.9	11.8	---	11.8	---	16.9
1941	30.7	18.6	12.1	---	12.1	---	18.6
1942	34.1	23.0	11.1	---	11.1	---	23.0
1943	35.2	25.7	9.5	1.1	10.6	---	25.7
1944	33.4	26.3	7.1	2.0	9.1	---	26.3
1945	32.7	26.4	6.3	3.9	10.2	0.4	26.8
1946	41.8	33.2	8.6	2.6	11.2	0.3	33.5
1947	61.1	44.2	16.9	---	16.9	---	44.2
1948	73.7	53.0	20.7	---	20.7	---	53.0
1949	66.8	45.6	21.2	---	21.2	---	45.6
1950 7/	73.6	51.7	21.9	---	21.9	---	51.7
By months, 1950:							
Jan.	67.1	50.1	17.0	---	17.0	---	50.1
Feb.	66.8	50.1	16.7	---	16.7	---	50.1
Mar.	67.6	49.3	18.3	---	18.3	---	49.3
Apr.	68.1	48.8	19.3	---	19.3	---	48.8
May	72.2	51.0	21.2	---	21.2	---	51.0
June	75.5	52.0	23.5	---	23.5	---	52.0
July	77.9	52.4	25.5	---	25.5	---	52.4
Aug.	77.8	51.6	26.2	---	26.2	---	51.6
Sept.	77.2	52.7	24.5	---	24.5	---	52.7
Oct.	76.3	52.6	23.7	---	23.7	---	52.6
Nov.	76.4	54.6	21.8	---	21.8	---	54.6

1/ Calculated from "market basket" of 335.4 pounds of meat and meat products consisting of 135.6 pounds of beef, 16.7 pounds of lamb, 157.5 pounds of pork, including lard, and 25.6 pounds of other meat products. Source material reported in Price Spreads Between Farmers and Consumers, 1933-49, USDA Agricultural Information Bulletin No. 4, November 1949 and current issues of The Marketing and Transportation Situation.
2/ Farm value of live animal weight and grade necessary to produce 1 pound of meat products at retail minus the computed value of byproducts other than the edible byproducts included in the average retail price of all meat products. Standard factors are 2.16 pounds of cattle to produce 1 pound of beef at retail, 2.16 pounds of live lambs to produce 1 pound of lamb at retail, and 1.41 pounds live hog to produce 1 pound of pork and lard at retail. (Footnotes continued on page 15.)

Table 3.- Average retail price of meats, farm value and marketing charge, per retail pound, by years 1937-50, by months 1950 (Cont'd.)

Year or month	Retail price 1/	Net farm value 2/	Margin	Government processor payments 3/	Marketing charge 4/	Government payments to producers 5/	Adjusted farm value 6/
	Cents	Cents	Cents	Cents	Cents	Cents	Cents
	Pork, including lard						
By years:							
1937	24.2	13.5	10.7	---	10.7	---	13.5
1938	21.1	10.8	10.3	---	10.3	---	10.8
1939	18.9	8.8	10.1	---	10.1	---	8.8
1940	16.5	7.5	9.0	---	9.0	---	7.5
1941	21.2	12.7	8.5	---	8.5	---	12.7
1942	26.2	18.2	8.0	---	8.0	---	18.2
1943	27.2	19.2	8.0	1.0	9.0	---	19.2
1944	25.6	18.2	7.4	1.8	9.2	---	18.2
1945	25.6	19.6	6.0	2.2	8.2	---	19.6
1946	33.4	24.0	9.4	1.4	10.8	---	24.0
1947	47.2	33.6	13.6	---	13.6	---	33.6
1948	47.5	32.4	15.1	---	15.1	---	32.4
1949	41.1	25.4	15.7	---	15.7	---	25.4
1950 7/	40.7	25.3	15.4	---	15.4	---	25.3
By months, 1950:							
Jan.	35.7	21.0	14.7	---	14.7	---	21.0
Feb.	36.4	23.1	13.3	---	13.3	---	23.1
Mar.	37.1	22.4	14.7	---	14.7	---	22.4
Apr.	36.6	21.7	14.9	---	14.9	---	21.7
May	39.3	25.7	13.6	---	13.6	---	25.7
June	40.8	24.7	16.1	---	16.1	---	24.7
July	43.7	29.9	13.8	---	13.8	---	29.9
Aug.	46.0	30.0	16.0	---	16.0	---	30.0
Sept.	46.6	29.3	17.3	---	17.3	---	29.3
Oct.	42.8	26.7	16.1	---	16.1	---	26.7
Nov.	41.2	24.7	16.5	---	16.5	---	24.7
	Lamb						
By years:							
1937	28.4	14.5	13.9	---	13.9	---	14.5
1938	26.4	12.3	14.1	---	14.1	---	12.3
1939	26.4	13.2	13.2	---	13.2	---	13.2
1940	26.1	13.4	12.7	---	12.7	---	13.4
1941	27.8	15.4	12.4	---	12.4	---	15.4
1942	32.4	19.2	13.2	---	13.2	---	19.2
1943	35.9	21.9	14.0	0.9	14.9	---	21.9
1944	35.1	21.2	13.9	1.6	15.5	---	21.2
1945	35.2	22.0	13.2	0.9	14.1	1.4	23.4
1946	42.1	26.8	15.3	---	15.3	2.2	29.0
1947	56.7	37.3	19.4	---	19.4	---	37.3
1948	64.3	42.1	22.2	---	22.2	---	42.1
1949	67.4	41.4	26.0	---	26.0	---	41.4
1950 7/	69.5	44.6	24.9	---	24.9	---	44.6
By months, 1950:							
Jan.	62.8	38.3	24.5	---	24.5	---	38.3
Feb.	63.6	40.1	23.5	---	23.5	---	40.1
Mar.	65.8	42.7	23.1	---	23.1	---	42.7
Apr.	69.2	43.4	25.8	---	25.8	---	43.4
May	70.7	46.4	24.3	---	24.3	---	46.4
June	74.0	47.5	26.5	---	26.5	---	47.5
July	73.0	46.3	26.7	---	26.7	---	46.3
Aug.	70.7	45.7	25.0	---	25.0	---	45.7
Sept.	71.0	45.6	25.4	---	25.4	---	45.6
Oct.	69.3	44.9	24.4	---	24.4	---	44.9
Nov.	71.2	46.3	24.9	---	24.9	---	46.3

3/ Government payments were made to slaughterers of hogs, cattle, calves, sheep and lambs beginning June 1943 and continuing for most classes through June 1946, and again in September and the first half of October 1946.

4/ "Adjusted margin". Equals margin plus Government payments to slaughterers.

5/ Government payments to hog producers in 1933-36 were made under the AAA hog and corn reduction program. In 1945 and 1946 payments were made to sheep and lamb producers for sheep and lambs sold for immediate slaughter and payments previously made to processors of sheep and lambs were withdrawn. Also in 1945 and the first half of 1946 payments were made to farmers for cattle sold for immediate slaughter at weights above 800 pounds and prices above designated amounts.

6/ Net farm value plus Government payments to livestock producers.

7/ Preliminary estimate.

Table 4.- Net farm value as percentage of retail price of meat products, by years 1937-50, by months, 1950

Year or month	All meat products	Beef (reported as Good grade, now Choice)	Pork (including lard)	Lamb
	Percent	Percent	Percent	Percent
By years:				
1937	48.1	61.1	55.8	51.1
1938	47.8	52.7	51.2	46.6
1939	47.5	54.9	46.6	50.0
1940	48.9	58.9	45.5	51.3
1941	56.8	60.6	59.9	55.4
1942	63.8	67.4	69.5	59.3
1943 1/	67.5	73.0	70.6	61.0
1944 1/	66.1	78.7	71.1	60.4
1945 1/ 2/	72.7	80.7	76.6	62.5
1946 1/ 2/	68.3	79.4	71.9	63.7
1947	63.9	72.3	71.2	65.8
1948	62.9	71.9	68.2	65.5
1949	60.2	68.3	61.8	61.4
1950 3/	62.3	70.2	62.2	64.2
By months, 1950:				
Jan.	58.5	74.7	58.8	61.0
Feb.	62.1	75.0	63.5	63.1
Mar.	61.7	72.9	60.4	64.9
Apr.	62.4	71.7	59.3	62.7
May	64.4	70.6	65.4	65.6
June	61.9	68.9	60.5	64.2
July	64.0	67.3	68.4	63.4
Aug.	62.5	66.3	65.2	64.6
Sept.	62.6	68.3	62.9	64.2
Oct.	62.5	68.9	62.4	64.8
Nov.	62.8	71.5	60.0	65.0

1/ In 1943-46 Government payments to slaughterers reduced the retail price of meat and therefore increased the percentage of the retail price received by producers of livestock.

2/ In 1945 and 1946 the total return to farmers ("adjusted farm value") was a somewhat larger part of the retail price of beef, lamb, and all meat than the figures shown here, because of Government payments made to feeders of cattle and sheep.

3/ Preliminary estimates.

Table 5.- Average retail price, farm value and marketing charges for all meats combined, 1913-50 1/

(Data for cover page chart)

Year	Retail price	Net farm value	Margin	Government processor payments	Processing taxes on hogs	Marketing charge	Government payments to producers	Adjusted farm value
	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents
1913	18.7	11.2	7.5			7.5		11.2
1914	19.2	11.5	7.7			7.7		11.5
1915	18.6	10.4	8.2			8.2		10.4
1916	20.4	12.2	8.2			8.2		12.2
1917	26.4	17.7	8.7			8.7		17.7
1918	32.6	20.6	12.0			12.0		20.6
1919	34.7	20.9	13.8			13.8		20.9
1920	33.8	17.7	16.1			16.1		17.7
1921	27.7	11.2	16.5			16.5		11.2
1922	26.7	11.9	14.8			14.8		11.9
1923	26.7	11.1	15.6			15.6		11.1
1924	27.0	11.5	15.5			15.5		11.5
1925	30.0	14.7	15.3			15.3		14.7
1926	30.8	15.4	15.4			15.4		15.4
1927	30.4	14.6	15.8			15.8		14.6
1928	32.0	15.8	16.2			16.2		15.8
1929	33.2	16.6	16.6			16.6		16.6
1930	31.0	14.0	17.0			17.0		14.0
1931	25.7	9.8	15.9			15.9		9.8
1932	20.0	6.8	13.2			13.2		6.8
1933	17.7	6.3	11.4		.1	11.3	.1	6.4
1934	20.6	7.2	13.4		1.5	11.9	1.5	8.7
1935	27.7	12.2	15.5		1.6	13.9	1.6	13.8
1936	26.3	12.4	13.9			13.9		12.4
1937	28.5	13.7	14.8			14.8		13.7
1938	25.1	12.0	13.1			13.1		12.0
1939	24.4	11.6	12.8			12.8		11.6
1940	23.3	11.4	11.9			11.9		11.4
1941	26.6	15.1	11.5			11.5		15.1
1942	30.9	19.7	11.2			11.2		19.7
1943	32.0	21.6	10.4	1.1		11.5		21.6
1944	30.4	20.1	10.3	1.9		12.2		20.1
1945	30.0	21.8	8.2	2.8		11.0	0.2	22.0
1946	38.5	26.3	12.2	1.8	---	14.0	0.2	26.5
1947	55.4	35.4	20.0			20.0		35.4
1948	62.0	39.0	23.0			23.0		39.0
1949	56.0	33.7	22.3			22.3		33.7
1950	59.1	36.8	22.3			22.3		36.8

1/ For 1937-50 repeats data in first section of table 3.
See heading and footnotes of table 3 for explanation of data in each column.

PRICE MARGINS IN FEEDING CATTLE, BY GRADES, 1947-50

by Harold F. Breimyer

Much of the profit in feeding cattle can be traced to the difference between the price paid per hundredweight for cattle as feeders and the price received, after a normal feeding interval, when they are sold as slaughter cattle. This price margin in feeding has varied considerably the last four years according to the grade and types of cattle fed. It has averaged larger for top than for lower grades of cattle fed, but it has also fluctuated over a wider range for the top grades. Thus, cattle feeders have had more of a chance for a big price gain, and more risk of loss, when they fed the better grade cattle than when they fed the lower grades.

Because seasonal highs and lows in prices came at different times for various grades of cattle, and because the feeding period is normally longer for top than for lower grades, price margins in 1947-50 for feeding the best grade were largest when the fed cattle were sold in the fall or early winter, for the second best grade when sold in the summer or early fall, and for a lower grade when sold in the spring or early summer.

Data on cattle prices and calculated margins for the postwar years 1947-50 are presented and explained in the tables and text that follow.

Grades of Cattle and Systems of Feeding

In the Corn Belt many kinds of cattle are fed in many different ways. Some are beef animals of finest breeding that are fed to high finish in a carefully regulated feeding program. At the other extreme, even scrub dairy animals are sometimes given a small grain ration to prepare them for market. Some grain feeding programs are combined with extensive periods of grazing or roughage feeding. Nevertheless, throughout these many forms there run certain systems of feeding that are sufficiently common and uniform that they can be regarded as standard or typical.

Systems of cattle feeding can be classified according to the grade and classes of cattle that are fed. This is possible because each kind of cattle is most adapted to a particular system, and because grade and class names for feeders and slaughter cattle fit the various systems. The grade specifications established for feeders are based not only on the appearance of animals when graded, but also on their suitability for feeding to slaughter weight. Thus a lower grade feeder steer is well suited, as a general rule, to feeding within a short period to a lower grade slaughter animal. A top grade steer is suited to longer feeding with a top slaughter grade as the objective.

In line with these distinctions, five feeding systems are presented in this analysis. They consist of three that begin with yearling feeder steers and two that begin with feeder steer calves. In each, the feeding ends at the slaughter grade comparable to the grade of the original feeder. However, because only a single price is reported for feeder steer calves, a combined grade of calves is separately compared with each of two grades of slaughter steers.

Among specific modifications of these basic systems that may be mentioned but are not treated here is up-grading or down-grading in feeding. This is feeding to a slaughter grade higher or lower than the comparable grade as a feeder. Thus, lower grade feeders are sometimes fed a long time to near a top slaughter grade. On the other hand, top grade feeders are occasionally shipped half-fed as lower grade slaughter animals. Furthermore, the systems discussed here do not apply directly to cattle pastured before being moved into feed lots, or fed grain while on pasture. They are set up only for cattle fed continuously on grain and roughage for a stated length of time in drylot.

Methods of Calculating Margins

Calculating price margins in feeding begins with market prices of feeders and of slaughter cattle. Prices at Kansas City, the leading feeder cattle market, are used for feeders and those at Chicago for slaughter steers. Prices are taken for the weight and grade classes in market quotations that most nearly fit the five feeding systems selected for analysis. For the three systems of feeding yearling steers, the three weight and grade classes for feeders are 500-800 pound Choice, 500-800 pound Good, and 500-1,000 pound Medium stocker and feeder steers. The three most nearly comparable grades and weights of slaughter steers, according to the grade names in use during the years studied, are 900-1,100 pound Choice, 900-1,100 pound Good, and 700-1,100 pound Medium Corn Belt steers sold for slaughter. For the two systems of calf feeding, the only feeder calf grade reported is Good and Choice stocker and feeder steer calves. Margins for feeding these calves to top grade are calculated from the price of 900-1,100 pound Choice slaughter steers (as previously named), and those for feeding calves to the next best grade are calculated from the price of 900-1,100 pound Good slaughter steers.

Names for grades of slaughter steers were changed at the beginning of 1951, but those for feeder steers and steer calves were left unchanged. All the data and analysis here are in terms of the names in effect prior to 1951. The principle of feeding of steers or calves to a slaughter grade comparable to their original feeder grade, which underlies the five feeding systems, is represented in the old terminology by Choice feeders fed to Choice slaughter cattle, Good to Good, and so on. Observations made from the 1947-50 experiences can still be applied to the same kind of feeding, but in terms of 1951 names the slaughter grade will be raised one level 2/.

Feeding margins are calculated as the difference between the prices of slaughter cattle when sold and of feeder cattle several months earlier. The length of feeding period is different for each grade. For Choice yearling steers it is considered to be eight months, for Good yearling steers it is six months, and for Medium steers, four months. For Good and Choice steer calves carried to Choice slaughter grade it is assumed to be 11 months, and for Good grade is eight months.

2/ The detail in changes of names of slaughter steers is as follows:

Formerly	Now
Prime and Choice	Prime
Good	Choice
Medium, divided into	(Good
	(Commercial
Common	Utility

Feeding margins so calculated are strictly price comparisons on a hundredweight basis. They do not directly relate to net returns per animal since the feed and other farm costs are not considered. Nor are transportation and marketing costs between Kansas City and the farm included, or those between the farm and Chicago. Feeding and other costs differ somewhat by grades. The feeding margin is very important in cattle feeding since much of the profit in feeding comes from successful methods of buying and marketing which provide favorable margins. Mistakes in marketing can take away the profits that would otherwise be earned from efficiency in putting on weight gains.

Feeding Margins and Their Variability by Grades

In 1947-50, margins in feeding of yearling steers averaged largest for the Choice and smallest for the Medium grade. Margins also varied most for the Choice grade. The chances of very profitable margins or of no margin or even negative margins thus were greater when the top grade rather than a lower grade of steers was selected for feeding.

These comparisons appear in the charts on page 22. The lowest section presents feeding margins derived from the actual prices of the upper three sections. When margins were generally high the margin for Choice steers exceeded that for other grades, but in the low-margin period of early 1949 the margins for Choice were smallest, or were negative. Margins for Medium steers as a rule were smaller but they dropped least during a slump.

The actual margins in 1947-50 are not truly representative of a long period. Prices of cattle were unusually high in those years. Moreover, prices trended upward most of that time except the second half of 1948, allowing feeders to realize margins wider than were expected when feeding began -- and wider than a long-run average. But even though the general size of margins is not representative, their differences by grades of cattle fed are probably very nearly so. The experiences in those years are fairly indicative of usual differences in price margins for the several systems of feeding.

For all the 48 months of the period studied, the average price margin in feeding Choice yearling steers was $8.49 per 100 pounds, for the Good grade was $6.74 and for the Medium grade was $4.59 (table 8). Data for those months also demonstrate the larger variations in margins for the higher grades. The average variation in the margin -- the average departure from the margins of $8.49, $6.74 and $4.59 -- was $3.44 per 100 pounds for the Choice grade, $2.61 for Good, and $1.88 for Medium.

Margins for top grades of steers vary most for two reasons. First, prices of the higher grades of both feeder and slaughter steers fluctuate more than do those of lower grades, as is shown by the greater dipping and rising of price curves in the upper section of the chart than in the lower sections. The second reason is that even if the pattern were no different, the net cumulative price change while top cattle are being fed would usually be larger than for lower grades due simply to the longer period involved.

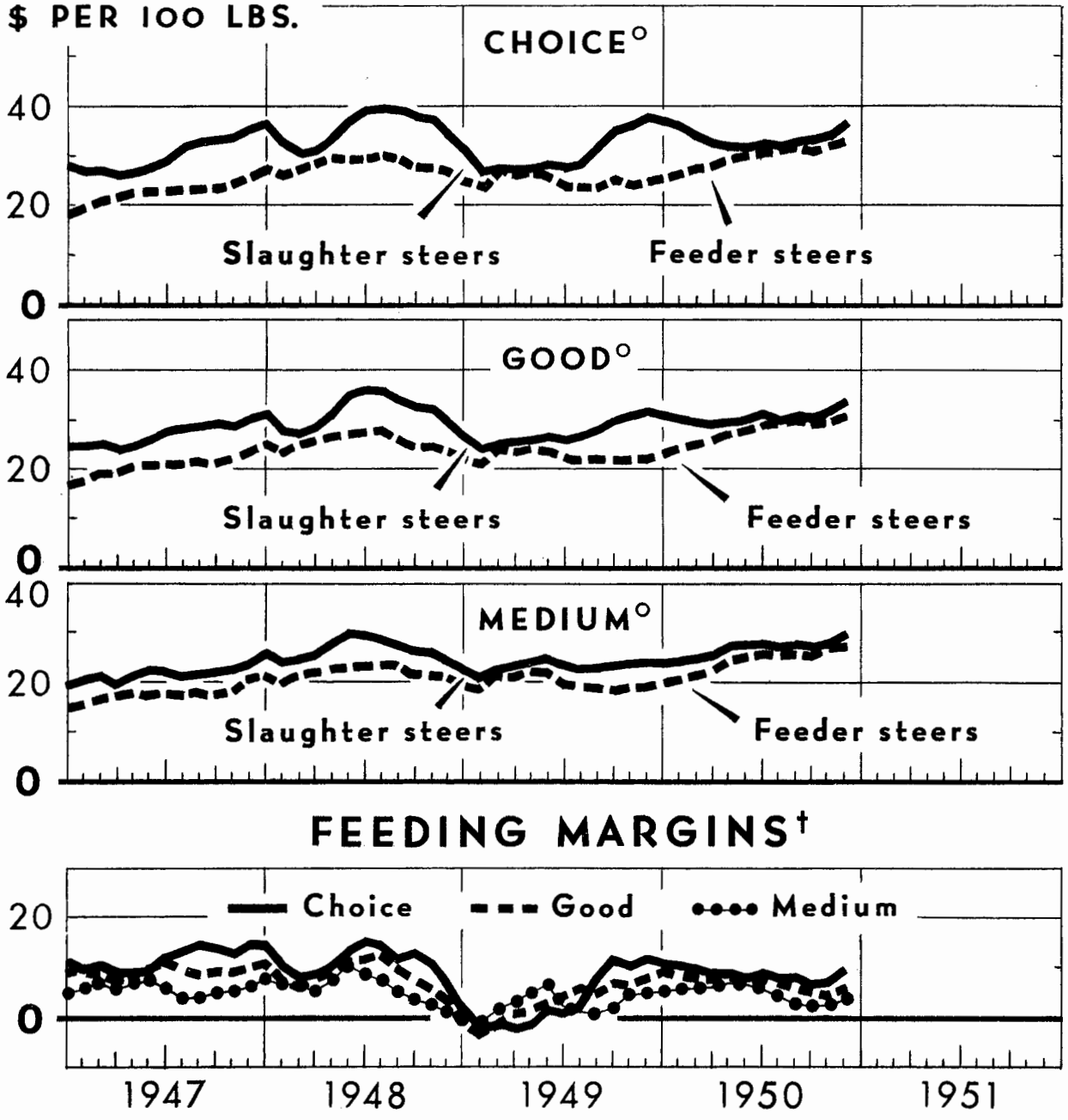
Table 6.- Price of slaughter steers at Chicago and of stockers and feeders at Kansas City and lagged margin, for feeding yearling steers and steer calves, by grades, by months 1947 to date

Month	1947			1948			1949			1950		
	Price per 100 lb.		Margin, price of slaughter steers less earlier price of feeders 1/	Price per 100 lb.		Margin, price of slaughter steers less earlier price of feeders	Price per 100 lb.		Margin, price of slaughter steers less earlier price of feeders	Price per 100 lb.		Margin, price of slaughter steers less earlier price of feeders
	Slaughter steers, Chicago	Feeder steers, Kansas City		Slaughter steers, Chicago	Feeder steers, Kansas City		Slaughter steers, Chicago	Feeder steers, Kansas City		Slaughter steers, Chicago	Feeder steers, Kansas City	
	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars
	Prices and Margins in Yearling Steers											
	Choice 900-1,100 lb. slaughter steers, Choice 500-800 lb. feeder steers, 8 months feeding 2/											
Jan.	28.06	16.63	11.33	36.70	27.73	14.24	30.81	24.46	1.65	36.80	24.84	10.81
Feb.	26.65	19.38	9.68	32.69	25.61	9.97	26.65	23.17	-2.38	35.76	26.16	10.36
Mar.	26.98	20.85	10.19	30.44	26.60	7.66	27.27	26.20	-1.92	33.79	26.85	9.79
Apr.	25.87	21.17	9.00	30.90	27.55	8.08	27.06	25.63	-2.74	32.00	27.44	8.20
May	26.04	22.46	8.66	33.08	29.16	9.73	27.12	25.99	-1.71	31.86	29.23	8.12
June	27.46	22.62	9.02	36.74	29.03	13.49	28.15	25.40	0.87	31.68	29.97	7.37
July	29.79	22.78	12.01	38.88	29.19	14.78	27.63	24.00	0.59	32.06	30.29	8.20
Aug.	31.74	22.82	13.36	39.78	29.80	14.04	28.29	23.80	1.98	31.58	30.36	7.40
Sept.	32.83	23.35	14.20	39.15	28.83	11.42	31.65	23.74	7.09	32.21	30.97	7.37
Oct.	33.13	23.25	13.75	37.95	27.28	12.34	34.52	24.31	11.35	32.34	30.68	6.18
Nov.	33.70	24.10	12.85	37.21	27.04	10.61	36.27	23.86	10.07	33.59	31.77	6.74
Dec.	35.64	25.74	14.47	34.12	26.31	6.57	37.49	24.18	11.86	36.45	32.43	9.01
	Good 900-1,100 lb. slaughter steers, Good 500-800 lb. feeder steers, 6 months feeding 2/											
Jan.	24.17	16.83	8.67	31.15	24.38	10.52	26.10	21.96	-0.71	30.52	22.52	8.68
Feb.	24.31	18.08	9.27	27.66	22.89	6.96	23.34	20.86	-3.75	29.72	23.58	8.26
Mar.	24.57	19.22	8.55	27.07	24.40	5.96	24.47	23.69	-1.20	28.88	24.60	7.46
Apr.	23.67	19.23	6.98	28.08	24.90	7.48	24.71	23.25	0.63	28.35	25.28	7.10
May	24.45	20.26	8.45	30.78	26.36	9.23	25.16	23.97	1.10	29.43	27.30	8.09
June	25.67	20.40	9.10	34.80	26.53	11.52	26.39	23.47	2.83	29.91	27.73	8.16
July	27.40	20.63	10.67	35.80	26.81	11.42	25.81	21.84	3.85	30.49	28.61	7.97
Aug.	27.58	20.70	9.50	35.50	27.09	12.61	26.29	21.46	5.43	29.98	28.61	6.40
Sept.	28.48	21.11	9.26	33.85	25.67	9.45	27.74	21.42	4.05	30.28	29.04	5.68
Oct.	28.91	20.60	9.68	32.20	24.08	7.30	29.55	21.25	6.30	30.22	28.54	4.94
Nov.	28.87	21.55	8.61	31.50	24.06	5.14	30.07	21.34	6.10	31.49	29.67	4.19
Dec.	30.13	23.28	9.73	29.25	23.56	2.72	31.18	21.75	7.71	33.51	30.21	5.78
	Medium 700-1,100 lb. slaughter steers, Medium 500-1,000 lb. feeder steers, 4 months feeding 2/											
Jan.	19.19	14.60	6.19	25.54	20.72	7.78	22.40	19.20	0.01	23.64	19.75	5.20
Feb.	20.26	15.52	5.93	23.71	19.38	6.58	20.52	18.31	-0.39	23.87	20.51	5.62
Mar.	20.68	16.67	7.06	24.19	21.02	6.09	22.65	21.17	1.96	24.28	21.62	5.67
Apr.	19.92	16.93	5.64	25.05	21.68	5.00	22.87	20.94	2.59	24.89	22.40	6.14
May	21.10	17.47	6.50	27.48	22.69	6.76	23.61	21.71	4.41	26.76	24.47	7.01
June	22.43	17.31	6.91	29.50	22.85	10.12	24.18	20.81	5.87	27.25	24.69	6.74
July	22.39	17.57	5.72	29.38	23.18	8.36	22.62	18.78	1.45	27.58	25.87	5.96
Aug.	20.47	17.33	3.64	28.69	23.21	7.01	22.05	18.50	1.11	26.89	25.59	4.49
Sept.	21.14	17.78	3.67	27.40	22.39	4.71	22.07	18.44	0.36	27.17	25.66	2.70
Oct.	21.64	17.13	4.33	26.04	20.91	3.19	22.78	18.25	1.97	26.79	25.06	2.10
Nov.	22.15	18.10	4.58	25.80	20.70	2.62	23.34	18.61	4.66	27.79	26.12	2.12
Dec.	23.30	20.05	5.97	24.18	20.28	0.95	23.55	18.75	5.05	29.25	26.90	3.66
	Prices and Margins in Steer Calves											
	Choice 900-1,100 lb. slaughter steers, Good and Choice feeder steer calves, 11 months feeding 2/											
Jan.	28.06	17.85	12.75	36.70	26.71	17.83	30.81	24.78	5.60	36.80	25.35	13.25
Feb.	26.65	18.87	10.97	32.69	25.21	12.46	26.65	23.65	0.92	35.76	26.50	8.86
Mar.	26.98	20.13	10.98	30.44	25.73	10.32	27.27	26.90	0.02	33.79	27.25	7.79
Apr.	25.87	20.12	9.47	30.90	27.25	9.85	27.06	26.00	-1.19	32.00	27.81	5.94
May	26.04	21.05	9.64	33.08	28.25	11.89	27.12	26.06	-0.68	31.86	28.79	6.50
June	27.46	21.19	11.34	36.74	27.80	15.69	28.15	25.36	-0.29	31.68	29.55	7.80
July	29.79	21.15	14.14	38.88	28.44	18.16	27.63	23.88	-1.62	32.06	30.06	8.16
Aug.	31.74	20.72	15.17	39.78	29.25	18.48	28.29	23.90	0.39	31.58	31.73	7.49
Sept.	32.83	21.30	15.70	39.15	27.90	18.12	31.55	24.09	5.20	32.21	32.52	7.71
Oct.	33.13	21.03	16.65	37.95	26.35	16.20	34.52	24.50	7.52	32.34	31.88	8.12
Nov.	33.70	21.75	16.38	37.21	27.00	13.02	36.27	24.22	9.61	33.59	34.52	9.09
Dec.	35.64	24.19	17.79	34.12	26.66	7.41	37.49	24.50	12.71	36.45	33.68	11.10
	Good 900-1,100 lb. slaughter steers, Good and Choice feeder steer calves, 8 months feeding 2/											
Jan.	24.17	17.85	7.77	31.15	26.71	10.10	26.10	24.78	-2.15	30.52	25.35	4.46
Feb.	24.31	18.87	7.81	27.66	25.21	6.47	23.34	23.65	-4.46	29.72	26.50	4.36
Mar.	24.57	20.13	8.45	27.07	25.73	5.92	24.47	26.90	-3.97	28.88	27.25	5.00
Apr.	23.67	20.12	8.02	28.08	27.25	7.36	24.71	26.00	-4.54	28.35	27.81	4.45
May	24.45	21.05	7.88	30.78	28.25	9.48	25.16	26.06	-2.74	29.43	28.79	5.34
June	25.67	21.19	8.54	34.80	27.80	13.77	26.39	25.36	0.04	29.91	29.55	5.41
July	27.40	21.15	10.92	35.80	28.44	14.05	25.81	23.88	-1.19	30.49	30.06	6.27
Aug.	27.58	20.72	10.24	35.50	29.25	11.31	26.29	23.90	-0.37	29.98	31.73	5.48
Sept.	28.48	21.30	10.63	33.85	27.90	7.14	27.74	24.09	2.96	30.28	32.52	4.93
Oct.	28.91	21.03	10.04	32.20	26.35	6.99	29.55	24.50	6.00	30.22	31.88	3.72
Nov.	28.87	21.75	8.74	31.50	27.00	5.77	30.07	24.22	5.17	31.49	34.52	4.24
Dec.	30.13	24.19	10.01	29.25	26.66	2.00	31.18	24.50	5.18	33.51	33.68	5.70

1/ Prices of stockers and feeders for months of 1946 used in computing margins are not shown here.
2/ For grades in effect prior to 1961. Grade names for slaughter steers are now approximately one level higher.
Compiled from Market News, Livestock Branch, Production and Marketing Administration.

PRICES AND FEEDING MARGINS FOR STEERS

MONTHLY PRICES*



FEEDING MARGINS†

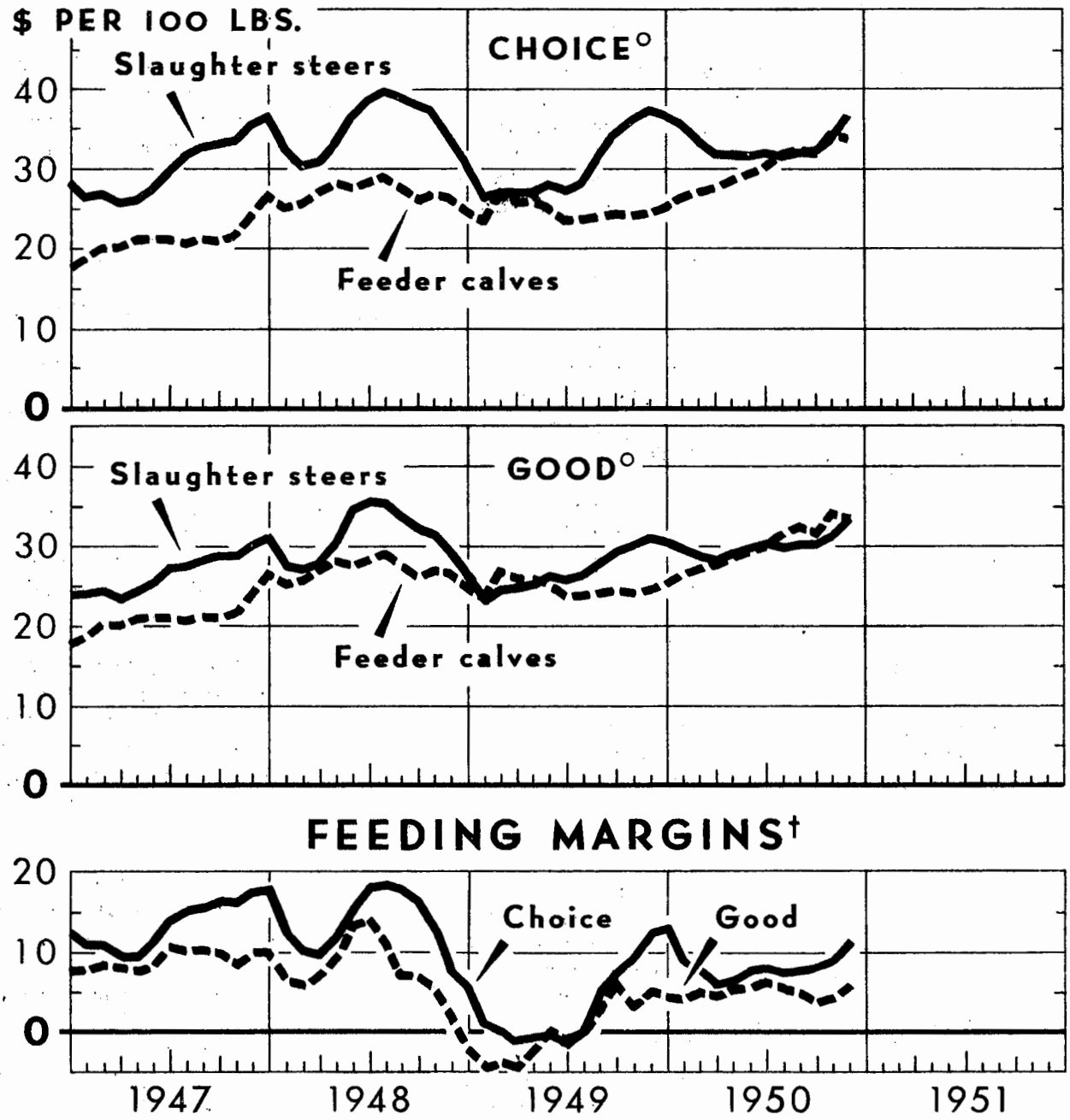
*SLAUGHTER PRICES AT CHICAGO, 900-1,100 LB. EXCEPT 700-1,100 FOR MEDIUM. FEEDER PRICES AT KANSAS CITY, 500-800 LB. EXCEPT 500-1,000 FOR MEDIUM

°GRADE AS USED PRIOR TO 1951

†PRICE DIFFERENCE AT END OF 8-MONTH PERIOD FOR CHOICE, 6 MO. FOR GOOD, 4 MO. FOR MEDIUM

U. S. DEPARTMENT OF AGRICULTURE NEG. 47984-VX BUREAU OF AGRICULTURAL ECONOMICS

PRICES AND FEEDING MARGINS FOR STEER CALVES



*SLAUGHTER PRICES AT CHICAGO, 900-1100 LB.; GOOD-AND-CHOICE FEEDER STEER CALVES PRICES AT KANSAS CITY

°GRADE AS USED PRIOR TO 1951

†PRICE DIFFERENCE AT END OF 11-MONTH PERIOD FOR CHOICE, 8-MONTH FOR GOOD

U. S. DEPARTMENT OF AGRICULTURE NEG. 47983-VX BUREAU OF AGRICULTURAL ECONOMICS

Average 1947-50 margins in feeding steer calves were generally similar to those in feeding steers of the same grade (figure, page 23, and table 8). 3/ The variations in margins were greater, for each grade, in feeding calves than steers. Just as the longer feeding of top than of lower grade steers is a cause for their greater variability of margins, in the same way the longer feeding period for calves is the main reason why their margins vary more than those in feeding steers. The longer feeding of calves also contributed to their comparatively high average margins in the years studied. When prices trend higher as they did during most of 1947-50, there are added gains for holding cattle greater lengths of time. As an average for many years, margins for calf feeding might not compare quite as favorably with those for steers as they did the last four years.

Although no examination of costs of gain will be made here, it is worth noting that calves usually require less feed per 100 pounds of gain than do steers. Also, feeding either calves or steers to top finish requires more feed relative to gain than does feeding to lower slaughter grade. Thus at least a part of the differences in average margins between top and lower grades is offset by differences in costs.

Seasonality in Feeding Margins

As an average for the four years 1947-50, price margins in feeding steers or steer calves were largest for the Choice grades when the fed cattle were sold in the fall or early winter; for Good grade, when sales were made in the summer or early fall; and for Medium grade, when sales were made in the spring or early summer. Average margins by months varied most for the Choice grade, and least for Good grade.

These comparisons are from data in table 7, which summarizes by grades and months the more detailed data in table 6. Like all other data and observations presented here, they apply to cattle fed the feeding period specified and sold at a slaughter grade comparable to their original grade as feeders.

Seasonal high points in cattle prices are determined by two main tendencies that appear in nearly all years -- a spring demand for stockers and feeders to go on grass that brings peak prices for not only stocker and feeder cattle but also lower grades of slaughter cattle; and a demand for slaughter cattle in late summer or early fall, when the total meat supply is small, that results in seasonally high prices for Good and for Choice slaughter grades.

These normal trends are only partially revealed in data for 1947-50, being partly obscured by gradual uptrends in prices and by short-term fluctuations that would disappear in averages for a greater number of years. Yet there was enough correspondence to normal trends that the seasonality in margins during those years was fairly consistent with normal experiences.

(Text concluded on page 28.)

3/ The slightly higher average margin for feeding Choice calves than Choice steers, and smaller margin for Good calves than steers, largely arises from use of a single price quotation for calves of both grades.

Table 7.- 1947-50 average price of slaughter steers and stockers and feeders and lagged margin for feeding yearling steers and steer calves, by grades, by months

Month	Averages for feeding yearling steers								
	Choice grade 1/			Good grade 1/			Medium grade 1/		
	Price per 100 pounds		Margin, price of slaughter steers less 8 months earlier	Price per 100 pounds		Margin, price of slaughter steers less 6 months earlier	Price per 100 pounds		Margin, price of slaughter steers less 4 months earlier
	900-1,100 pound slaughter steers, Chicago	500-800 pound feeder steers, Kansas City		900-1,100 pound slaughter steers, Chicago	500-800 pound feeder steers, Kansas City		700-1,100 pound slaughter steers, Chicago	500-1,000 pound feeder steers, Kansas City	
	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars
Jan.	33.09	23.92	9.51	27.98	21.42	6.79	22.69	18.67	4.54
Feb.	30.41	23.58	6.91	26.26	21.35	5.18	22.09	18.43	4.44
Mar.	29.62	25.12	6.43	26.25	22.98	5.19	22.95	20.12	5.19
Apr.	28.96	25.45	5.64	26.20	23.16	5.55	23.18	20.49	4.84
May	29.52	26.71	6.20	27.46	24.47	6.72	24.74	21.58	6.17
June	31.01	26.76	7.69	29.19	24.53	7.90	25.84	21.42	7.41
July	32.09	26.56	8.90	29.88	24.47	8.45	25.49	21.30	5.37
Aug.	32.86	26.70	9.20	29.84	24.46	8.48	24.52	21.16	4.04
Sept.	33.94	26.72	10.02	30.09	24.31	7.11	24.44	21.08	2.86
Oct.	34.48	26.38	10.90	30.22	23.62	7.06	24.31	20.34	2.90
Nov.	36.19	26.69	10.07	30.48	24.16	6.01	24.77	20.88	3.47
Dec.	35.92	27.16	10.48	31.02	24.70	6.48	25.06	21.50	3.91

Month	Averages for feeding steer calves					
	Choice grade			Good grade		
	Price per 100 pounds		Margin, price of slaughter steers less feeders 11 months earlier	Price per 100 pounds		Margin, price of slaughter steers less feeders 8 months earlier
	900-1,100 pound slaughter steers, Chicago	Good and Choice feeder steer calves, Kansas City		900-1,100 pound slaughter steers, Chicago	Good and Choice feeder steer calves, Kansas City	
	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars
Jan.	33.09	23.67	12.36	27.98	23.67	5.04
Feb.	30.41	23.53	8.30	26.26	23.53	3.54
Mar.	29.62	25.00	7.28	26.25	25.00	3.85
Apr.	28.96	25.30	6.02	26.20	25.30	3.82
May	29.52	26.04	6.81	27.46	26.04	4.99
June	31.01	25.98	8.61	29.19	25.98	6.94
July	32.09	25.88	9.71	29.88	25.88	7.61
Aug.	32.86	26.40	10.38	29.84	26.40	6.68
Sept.	33.94	26.45	11.68	30.09	26.45	6.41
Oct.	34.48	25.94	12.12	30.22	25.94	6.69
Nov.	36.19	26.87	12.02	30.48	26.87	5.48
Dec.	35.92	27.31	12.25	31.02	27.31	5.72

1/ For grades in effect prior to 1951. Grade names for slaughter steers are now approximately one level higher. Computed from table 6.

Table 8.- Average price margins in feeding steers and steer calves of various grades, and range and average variation in margin, for monthly data, 1947-50 1/

Item	Feeding yearling steers			Feeding steer calves	
	Choice feeder steers fed 8 months to Choice slaughter steers 2/	Good feeder steers fed 6 months to Good slaughter steers 2/	Medium feeder steers fed 4 months to Medium slaughter steers 2/	Good and Choice feeder steer calves fed 11 months to Choice slaughter steers 2/	Good and Choice feeder steer calves fed 8 months to Good slaughter steers 2/
	Dollars	Dollars	Dollars	Dollars	Dollars
Average margin, per 100 pounds	8.49	6.74	4.59	9.80	5.56
Range in margin, per 100 pounds	-2.74 to 14.78	-3.75 to 12.61	-0.39 to 10.12	-1.62 to 18.48	-4.54 to 14.05
Average variation in margin, per 100 pounds 3/	3.44	2.61	1.88	4.41	3.37

1/ Data for prices of feeders which enter into margins begin in 1946. For weight classes of steers and original prices and margins, see table 7.

2/ For grades in effect prior to 1951. Grade names for slaughter steers are now approximately one level higher.

3/ Average departure of monthly margins from the 48-month average margin shown in first column. Computed from table 6.

Computed from table 7.

Selected Price Statistics for Meat Animals 1/

Item	Unit	Jan.-Dec. 1949	Jan.-Dec. 1950	1949 Dec.	1950 Nov.	1950 Dec.
Cattle and calves						
Beef steers, slaughter	Dollars per					
Chicago, Choice and Prime	100 pounds	28.65	32.43	37.77	33.10	35.78
Good	do.	26.07	29.68	29.91	31.24	32.98
Medium	do.	23.17	26.08	24.50	28.15	29.61
Common	do.	19.77	22.86	19.23	23.90	25.24
All grades	do.	25.80	29.35	26.47	31.41	33.03
Omaha, all grades	do.	24.23	27.88	24.17	30.06	31.32
Sioux City, all grades	do.	24.41	27.98	25.11	30.47	31.61
Cows, Chicago						
Good	do.	18.79	21.85	17.30	22.88	22.98
Common	do.	2/15.41	19.03	2/14.16	20.46	20.88
Canner and Cutter	do.	3/14.38	16.48	3/13.22	17.82	18.42
Vealers, Good and Choice, Chicago	do.	27.64	31.08	27.72	32.30	32.68
Stocker and feeder steers, Kansas City	do.	21.34	26.67	21.44	28.46	29.45
Price received by farmers						
Beef cattle	do.	19.80	23.12	19.00	25.00	25.40
Veal calves	do.	22.70	26.27	22.00	28.20	28.90
Hogs						
Barrows and gilts						
Chicago						
160-180 pounds	do.	19.50	18.91	16.10	18.23	19.09
180-200 pounds	do.	19.88	19.46	16.12	18.47	19.32
200-220 pounds	do.	19.94	19.59	15.97	18.42	19.30
220-240 pounds	do.	19.77	19.51	15.60	18.33	19.17
240-270 pounds	do.	19.41	19.25	15.17	18.23	18.93
270-300 pounds	do.	18.87	18.84	14.82	18.16	18.71
All weights	do.	18.62	18.39	15.38	18.21	18.88
Seven markets 4/	do.	18.60	18.42	15.21	18.05	18.81
Sows, Chicago	do.	16.67	17.72	12.72	17.08	16.77
Price received by farmers	do.	18.10	18.22	14.80	17.80	17.70
Hog-corn price ratio 5/						
Chicago, barrows and gilts	do.	14.2	12.4	11.9	11.5	11.2
Price received by farmers, all hogs	do.	15.7	13.7	13.1	13.0	12.2
Sheep and lambs						
Sheep						
Slaughter ewes, Good and Choice, Chicago	do.	10.83	12.67	11.20	15.47	16.24
Price received by farmers	do.	9.29	11.33	9.20	13.20	13.70
Lambs						
Slaughter, Good and Choice, Chicago	do.	25.45	27.30	21.91	29.41	31.37
Feeding, Good and Choice, Omaha	do.	6/23.06	7/27.52	22.88	29.22	30.77
Price received by farmers	do.	22.40	24.69	21.00	26.70	27.40
All meat animals						
Index number price received by farmers (1910-14=100)		311	340	280	357	360
Meat						
Wholesale, Chicago	Dollars per					
Steer beef carcass, Good, 500-600 pounds	100 pounds	42.66	47.09	45.02	50.32	53.30
Lamb carcass, Good, 30-40 pounds	do.	49.64	8/52.29	44.40	52.64	52.85
Composite hog products, including lard						
72.84 pounds fresh	Dollars	20.96	20.54	16.88	19.68	21.33
Average per 100 pounds	do.	28.78	28.20	23.17	27.02	29.28
71.32 pounds fresh and cured	do.	24.61	23.83	20.36	23.18	24.64
Average per 100 pounds	do.	34.51	33.41	28.55	32.50	34.55
Retail, United States average	Cents					
Beef, Good grade	per pound	66.8	73.5	68.6	76.4	78.8
Lamb	do.	67.4	69.6	64.0	71.2	73.6
Pork, including lard	do.	41.1	40.6	35.9	41.2	41.6
Index number meat prices (BLS)						
Wholesale (1926=100)		221.8	236.6	206.5	240.5	251.9
Retail (1935-39=100)		229.3	241.9	220.0	247.7	252.6

1/ Annual data for most series published in Statistical Appendix to this Situation, February 1950.
2/ Cutter and Common.
3/ Average for prices of Cutter and Common, and of Canner (Low Cutter).
4/ Chicago, St. Louis N. S. Y., Kansas City, Omaha, Sioux City, S. St. Joseph, and S. St. Paul.
5/ Number bushels of corn equivalent in value to 100 pounds of live hogs.
6/ Average of prices for five months, August, September, October, November and December.
7/ Average of prices for January, February, March, August, September, October, November and December.
8/ Prices of 45-50 pound lamb carcass in February, March and April.

Selected marketing, slaughter and stocks statistics for meat animals and meats 1/

Item	Unit	Jan.-Dec. 1949	Jan.-Dec. 1950	1949 Dec.	1950 Nov.	1950 Dec.	1951 Jan.
Meat animal marketings							
Index number (1935-39=100)		139	142	154	165	160	
Stocker and feeder shipments to							
8 Corn Belt States	1,000						
Cattle and calves	head	3,258	3,140	198	483	251	
Sheep and lambs	do.	2,518	2,915	71	238	252	
Slaughter under Federal inspection							
Number slaughtered							
Cattle	do.	13,222	13,103	1,064	1,151	1,110	
Calves	do.	6,449	5,850	511	505	445	
Sheep and lambs	do.	12,136	11,739	1,058	969	918	
Hogs	do.	53,032	56,964	6,477	6,144	6,777	
Percentage sows	Percent	15	15	11	9	9	
Average live weight per head							
Cattle	Pounds	976	989	984	998	1,017	
Calves	do.	209	206	218	214	200	
Sheep and lambs	do.	94	96	98	95	97	
Hogs	do.	248	244	243	237	245	
Average production							
Beef, per head	do.	532	541	525	534	546	
Veal, per head	do.	116	115	119	117	109	
Lamb and mutton, per head	do.	44	46	46	45	46	
Pork, per head 2/	do.	139	137	136	134	137	
Pork, per 100 pounds live weight 2/	do.	56	56	56	56	56	
Lard, per head	do.	36	35	36	33	36	
Lard, per 100 pounds live weight	do.	15	14	15	14	15	
Total production	Million						
Beef	pounds	6,998	7,051	556	611	603	
Veal	do.	746	667	60	58	48	
Lamb and mutton	do.	536	534	49	43	42	
Pork 2/	do.	7,352	7,788	881	821	924	
Lard	do.	1,923	2,009	232	201	242	
Total commercial slaughter 3/							
Number slaughtered	1,000						
Cattle	head	18,013	17,882	1,428	1,555	1,481	
Calves	do.	10,828	9,963	838	843	744	
Sheep and lambs	do.	13,377	12,851	1,152	1,058	990	
Hogs	do.	63,744	68,446	7,600	7,246	7,951	
Total production	Million						
Beef	pounds	9,142	9,239	717	793	774	
Veal	do.	1,240	1,138	97	98	82	
Lamb and mutton	do.	587	582	53	47	45	
Pork 2/	do.	8,745	9,260	1,023	966	1,076	
Lard	do.	2,170	2,290	260	227	269	
Cold storage stocks first of month							
Beef	do.	---	---	91	95	113	145
Veal	do.	---	---	12	9	11	14
Lamb and mutton	do.	---	---	11	8	9	11
Pork	do.	---	---	297	220	326	518
Total meat and meat products 4/	do.	---	---	493	405	545	791

1/ Annual data for most series published in Statistical Appendix to this Situation, February 1950.
2/ Excludes lard.
3/ Federally inspected, and other wholesale and retail.
4/ Includes stocks of sausage and sausage room products, canned meats and canned meat products, and edible offals, in addition to the four meats listed.

Wide feeding margins for Choice cattle sold in the fall or early winter after an 8 or 11 month feeding period are a combined result of feeder purchases made before the spring advance in their prices, and sales made before the high price season for slaughter steers ends. The widest feeding margins for Good grade cattle come somewhat earlier because a shorter feeding period follows about the same low-price purchase dates. Medium grade feeder steers fed only four months to Medium slaughter steers bring their widest margin when purchases are made in the winter, at prices not far above their seasonal low, and sales are timed for their seasonal high in early summer. 4/

One caution in use of prices in tables 6 and 7 is that the low February prices are the result of price breaks in that month of two years. Averages for more than four years would show relatively higher prices for February than those presented here.

4/ This timing, though describing the widest margins, is not suggested as always the best for feeders to follow. Feeders have to consider the management of their entire farm in deciding how best to fit in their cattle operations. Furthermore, normal seasonal price relationships do not hold true every year. Some feeders do best by carrying out the same feeding plan year after year, but others do well by adjusting to the special circumstances of each year.