

THE Livestock and Meat SITUATION

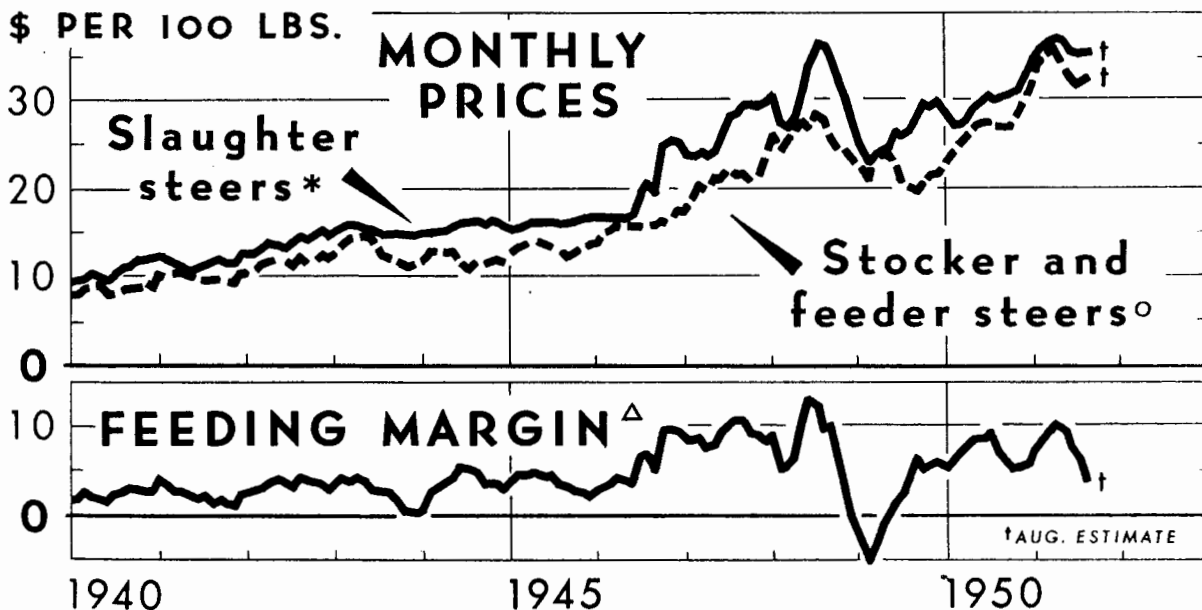
BUREAU OF AGRICULTURAL ECONOMICS
UNITED STATES DEPARTMENT OF AGRICULTURE

LMS-54



AUGUST 1951

MARKET PRICES AND FEEDING MARGIN FOR CATTLE



*GOOD GRADE AT CHICAGO ^o AVERAGE OF ALL GRADES AT KANSAS CITY
^Δ DIFFERENCE BETWEEN PRICES OF SLAUGHTER STEERS AND PRICES
 OF STOCKERS AND FEEDERS 7 MONTHS EARLIER

U. S. DEPARTMENT OF AGRICULTURE

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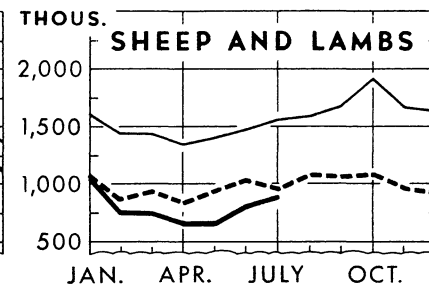
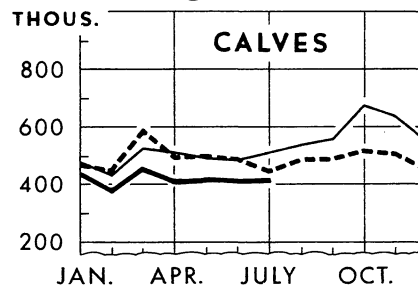
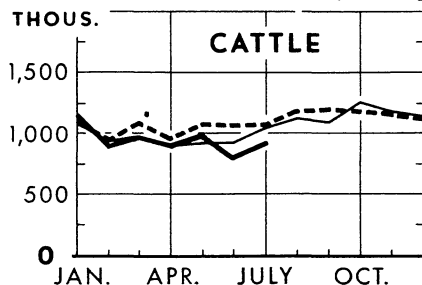
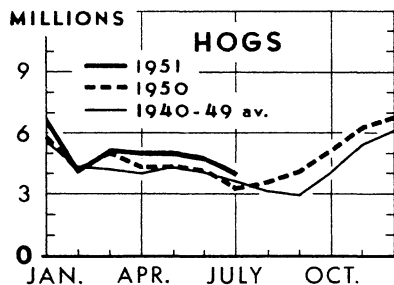
Prospects are for less favorable margins for cattle feeding this winter than in the past 2 years. Price margins (difference between prices paid for feeder cattle and prices received when sold for slaughter) have been generally high during that period of rising prices. Margins will be small on feeder cattle bought this past spring, when prices

were record high.

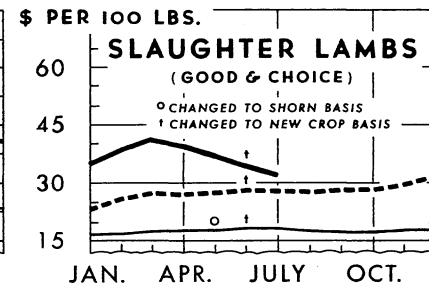
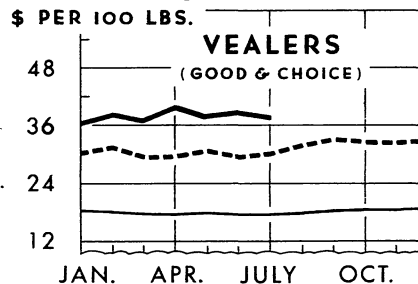
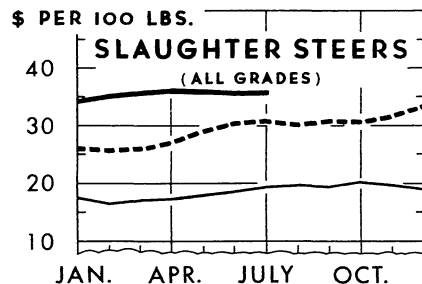
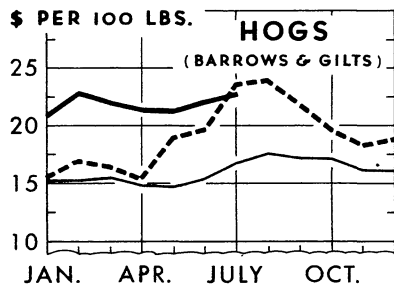
In August, prices of feeder cattle were still unusually high relative to prices of cattle for slaughter. Feeder prices will probably decline moderately during the large-supply season this fall. Controls now in force would prevent much rise in prices of slaughter cattle.

LIVESTOCK AND MEAT SITUATION

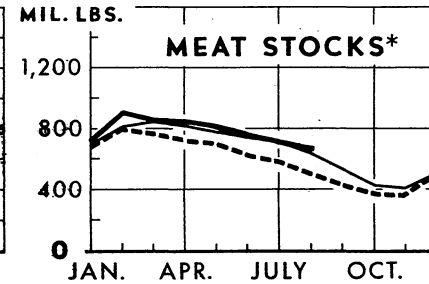
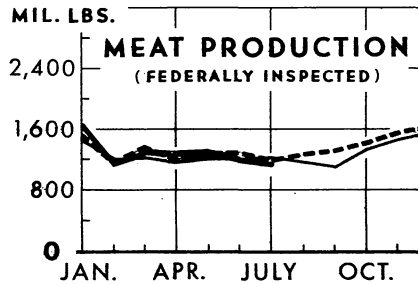
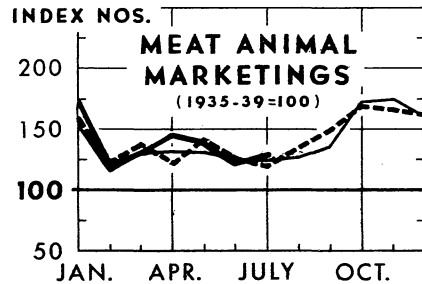
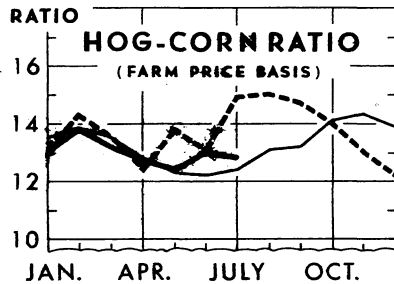
Federally Inspected Slaughter



Market Prices, Chicago



Hog-Corn Ratio, Meat Animal Marketings, Meat Production, & 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 28, 1951

SUMMARY

Marketings and slaughter of livestock are now increasing seasonally. Peaks in slaughter of cattle, calves, sheep, and lambs are likely to occur in October and the high point for hogs is expected in December.

Cattle slaughter, which has been less than last year in every month except January, may again reach the 1950 level sometime this fall. It is expected to include more grass cattle but somewhat fewer fed cattle than a year ago. Calf slaughter will probably continue below last year in most remaining months of 1951.

During much of the fall season, prices are expected to be at or near ceilings as they have been this summer. When marketings of cattle approach their fall peak, prices of some grades may drop below present ceilings.

Hog slaughter during its seasonal rise this fall will continue above last year by about the same degree as it has been since last March. The seasonal price decline this fall may be about the same as last fall. In August, hog prices were slightly lower than a year earlier.

Prices of stocker and feeder cattle in late August were about \$4.00 per 100 pounds lower than in early spring. At these purchase prices, returns from cattle feeding in 1952 will be about average if prices of slaughter cattle do not change greatly, but would be considerably less than those of the last 2 years when prices were rising steadily. Present ceilings provide somewhat wider differences between prices of lower and higher grades of slaughter steers than prevailed last year. This points to fairly good prospects for feeding of medium-weight unfinished steers to a higher finish and grade.

After an 8-year decline, sheep and lamb production in the U. S. is increasing. The 1951 lamb crop was up 1 percent from 1950 while the shorn wool clip rose 4 percent. Lamb slaughter, however, is expected to remain below a year earlier through 1951.

REVIEW AND OUTLOOK

Seasonal Increases Due In
Livestock Slaughter

Seasonally increasing marketings and slaughter of meat animals were under way in late August. The seasonal increase in hog marketings apparently is about two weeks earlier than usual, but later than usual for cattle. Seasonal peaks are likely about October for slaughter of cattle, calves, and sheep and lambs, and in early December for hogs. These seasonal high points will probably occur later than last year for cattle and for sheep and lambs.

Cattle slaughter has been smaller than a year earlier in every month except January. In part, this reduction has been due to special conditions such as delayed marketings because of good grazing in most regions and the uncertainties about prices. It is also typical of the present stage of the cattle cycle during which marketings are being held down and inventories increased.

Prospects are that during the fall season, when marketings are greatest, cattle slaughter may be about as large as last year. More cattle off grass but somewhat fewer out of feedlots are likely to be slaughtered in the next few months than in the same period last year. This would be the reverse of the recent situation in which slaughter of grain fed cattle was as large as last year but slaughter of grass cattle was much smaller.

More cattle have been grazed on pastures and ranges this summer than last. It seems likely that the number of grass cattle slaughtered will be a little larger than the small number last fall, despite continued interest in retaining cattle for breeding or feeding. The drop in slaughter supplies of grain fed cattle will not be large. It will result from the small volume of short feeding this summer. On July 1, 9 percent less cattle than a year earlier were reported on feed in the Corn Belt. The decline reflected chiefly the smaller number moved into feedlots in the late spring. Movements to feedlots picked up in July, when receipts of feeder cattle and calves in 8 Corn Belt States were 14 percent larger than a year earlier.

Slaughter of fed cattle is likely to decrease only moderately in late months from the early fall high, thus repeating the seasonal pattern of last year. Large slaughter at year's end reflects the increase in long-term feeding of calves which occurred both last year and this.

Hog Slaughter May be Large Early in Season

Slaughter of hogs under Federal inspection in August averaged about 13 percent larger than a year earlier. About the same percentage gain may occur in September, and a large increase seems likely for October. For later months, however, slaughter may be above last year by a smaller percentage.

These prospects are based on the fact that more sows farrowed in the first 3 months of the 1951 spring season than in the same months of 1950. Farrowing in March and April, the months of largest farrowings were about the same in each year. An increase also was reported in May. (table 1.)

Slaughter of the spring crop by months will probably change less from a year earlier than would be suggested by the percentage change in farrowings. Because of variations in the length of time hogs are fed the monthly distribution of marketings is somewhat different from the pattern of farrowings. Moreover, so long as the seasonal price decline is no greater than usual, hogs are likely to be marketed at about the same ages and weights as last fall. Thus a part of the increase in the fall and winter hog slaughter occasioned by the 7 percent larger spring pig crop will be distributed over the entire season, but the greatest percentage increase will probably be in early months.

Table 1. - Number of sows farrowing, by months, spring season, 1951 compared with 1950

Month	Number farrowing		Percentage change
	1951	1950	
	1,000	1,000	
	<u>head</u>	<u>head</u>	
December 1/	315	272	+15.8
January	525	451	+16.4
February	1,292	1,139	+13.4
March	2,822	2,884	- 2.1
April	3,164	3,151	+ 0.4
May	1,755	1,576	+11.4

1/ of previous year.

Calf, Lamb Slaughter
to continue Under 1950

Calf slaughter has been small all year. During the weeks ahead, slaughter is expected to increase seasonally, and will likely average a little smaller than last fall, but in some weeks may exceed the corresponding 1950 slaughter. The same factors and trends that are holding down cattle slaughter this year are also reducing calf slaughter. In the first half of 1951, only 82 percent as many calves were slaughtered in commercial establishments as in the same period of 1950.

Slaughter of sheep and lambs has also been considerably smaller than last year, chiefly because more ewe lambs are being held back for breeding. Indications are that slaughter of sheep and lambs will continue below 1950.

Prices of Cattle
Limited by Beef Ceilings

Prices of slaughter cattle have in general been limited by ceiling prices on beef. Ceiling prices of beef at wholesale and retail have remained unchanged, except for certain minor adjustments, since tailored ceilings were imposed in May. Rollbacks scheduled by the Office of Price Stabilization for August 1 and October 1 were cancelled when the Defense Production Act Amendments of 1951 became law.

Overall ceiling limitations have been in force on slaughter cattle prices since June 4. The control is exercised through a maximum drove cost each slaughterer is allowed to pay for the cattle he kills during each accounting period. This cost is calculated by applying wholesale beef ceiling prices to his output of beef carcasses as they grade, weigh and dress out. Prices of each grade and class of cattle need not correspond exactly to the wholesale beef ceiling, but any overpricing in one case must be offset by underpricing in another.

Reductions in slaughter cattle price limits also were set for August 1 and October 1 but were nullified by the Defense Production Act Amendments of 1951. The Act provides that no ceiling price on an agricultural commodity shall be less than 90 percent of the actual price received by farmers, by grade, on May 19, 1951. Market prices for that date indicate that the cattle price limits established by the June 4 ceilings on beef were less than this minimum (based on May 19, 1951) on the utility grade of cattle but above the minimum for the higher grades. (See discussion of minimum ceilings, page 10.)

Cattle prices continue considerably higher than last year. Average prices at Chicago for most of August are \$3.60 to \$6.40 per 100 pounds higher than in August 1950 (table 2).

When marketings near their peak this fall, prices of some grades and classes may drop somewhat below their present ceiling equivalent levels, but no marked price weakness is likely.

Table 2.- Price per 100 pounds for selected classes and grades of livestock for slaughter, Chicago, August 1951 compared with August 1950.

Class and grade ^{1/}	: August 1951 :		: Change	
	: (average for: August		: Dollars	: Percent
	: 4 weeks ended: 1950 ^{2/}			
	: August 25) :			
	Dollars	Dollars		
Cattle				
Beef steers				
Prime	37.77	31.37	+6.40	+20.4
Utility	27.15	23.51	+3.64	+15.5
Average 5 grades	36.28	30.09	+6.19	+20.6
Cows				
Commercial	28.69	22.74	+5.95	+26.2
Utility	24.37	20.11	+4.26	+21.2
Vealers				
Choice and Prime	36.85	31.84	+5.01	+15.7
Sheep and lambs				
Spring lambs, Choice and Prime:	31.61	27.21	+4.40	+16.2
Ewes (shorn), Good and Choice :	14.60	11.51	+3.09	+26.8
Hogs				
Barrows and gilts ^{3/}	22.62	23.86	-1.24	- 5.2
Sows	19.26	20.32	-1.06	- 5.2

^{1/} 1951 grade names. ^{2/} Price for 1950 grade corresponding to 1951 grade shown.
^{3/} Average for all weights. Compiled from Market News, Livestock Branch, PMA.

Hog Prices to Decline Seasonally

Prices of hogs declined in August and for the month averaged slightly lower than a year earlier. The seasonal decline in prices is expected the rest of this year. Demand for meat is probably strong enough so that the total decline probably will not be much different from last fall. Last fall, prices dropped sharply at the first of the season, reaching a low in November. In most years the season's low is in December.

Prices of Feeder Steers \$4.00
Below High Point; May Allow About
Average Profits from Feeding

Prospects are that if prices of slaughter cattle are about the same next year as this, profits from cattle feeding will be close to average but will not be as great as during the last two years. Prices of feeder cattle are lower in August than in early spring but are higher than a year ago and above an average relationship to prices of slaughter cattle.

Along with rising prices of slaughter cattle, price of stockers and feeders advanced from October 1950 to March 1951 moving up \$10.00 per 100 pounds to set a new record. Since then they have declined, partly in response to reductions in prices of slaughter cattle brought about by controls. By late August the average price for stocker and feeder steers at Kansas City was \$4.00 per 100 pounds below the late-March peak.

The late August price for feeders was substantially higher than the price in August last year and was a record for the month (table 3). But prices of slaughter steers also were well above a year earlier, and near the August record. The difference between prices of Choice slaughter steers at Chicago and of feeder steers at Kansas City (average for all weights and grades) was about \$3.00 per 100 pounds this August, about the same as last August but less than in August of 3 previous years.

Table 3.- Comparisons between prices of selected grades of slaughter and feeder steers, month of August 1947-51

August of	Prices of slaughter steers at Chicago, per 100 pounds			Prices of stocker and feeder steers at Kansas City per 100 lbs. 2/	Price comparisons, per 100 pounds		
	Prime	Choice	Medium		Prime minus	Choice minus	Choice slaughter steers minus stocker and feeder steers
	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars
1947	31.91	28.27	21.96	21.22	9.95	6.31	7.05
1948	39.48	36.02	29.15	27.40	10.33	6.87	8.62
1949	28.01	26.50	23.06	20.06	4.95	3.44	6.44
1950	31.37	29.97	28.02	26.90	3.35	1.95	3.07
1951 3/	37.77	35.75	4/31.56	5/32.75	6.21	4.19	3.00

1/ 1951 grade names.

2/ Average for all weights and grades.

3/ Average for 4 weeks ended August 25.

4/ Average of good and commercial.

5/ Average of 3 weeks, no price August 2 because of floods.

Price data compiled from Market News, Livestock Branch, PMA.

Comparisons between August prices of feeder and slaughter steers this year do not have the same significance as in years without price ceilings. The reason is that in the absence of controls, prices of the upper grades of slaughter steers change seasonally, rising in the fall and declining in the winter and spring, but present ceilings do not change seasonally.

Demand for Meat a Key Factor
in Feeding Outlook

The likelihood that returns from cattle feeding this winter will be as large as average depends largely on whether prices of slaughter cattle next year are about as high as they are now. Prices are limited by ceiling regulations and the authority for price controls extends to June 30, 1952.

Ceilings do not, of course, necessarily determine actual market prices, which would fall below ceilings if demand should weaken or supplies increase substantially. Demand for meat in general and for beef in particular has probably been as strong or stronger this year than ever before, chiefly because employment has been high and incomes large. In recent months inflationary trends in the economy have eased. However, because of continued expansion of defense activities consumer incomes will stay high and demand for beef is expected to continue strong for at least another year.

Feeding Margins Large Past 2 Years;
Small on Cattle Bought Early This Year

If slaughter cattle prices hold at present ceiling levels the price margin on feeder steers bought at Kansas City this fall and sold at Chicago next spring as Choice grade fed cattle will be about \$3.00 per 100 pounds. This is less than the margins realized on cattle fed and sold in the last 2 years, but more than will be realized on cattle bought last spring for sale this fall. The average margin on cattle sold in 1950 was \$6.94 per 100 pounds, and on sales in the first 8 months of 1951 was about \$7.79. These margins are computed on a 7 month interval for the feeding period. (table 4).

Price margins on cattle bought this past winter and spring and sold this fall will be small as present prices of Choice slaughter cattle at Chicago are no higher than average feeder steer prices at Kansas City in March and April.

Two independent trends have been responsible for the rise in cattle prices that caused the wide feeding margins of the last two years: the buying power of consumers and demand for meat have increased; and cattle slaughter has been reduced as fewer cattle have been marketed and more retained on farms. Consumers' incomes rose when the mild 1949 recession ended at about the beginning of 1950 and were boosted after the Korean outbreak. At the same time, the total slaughter of cattle and calves was reduced 1.1 million head in 1950 as the rate of addition to inventories was stepped up from 2 million head during 1949 to 4 million during 1950. This year, slaughter may be almost 2 million smaller than last year and the increase in the inventory may amount to 5 $\frac{1}{2}$ -6 million head.

Table 4. - Price of Choice grade slaughter steers at Chicago and of stocker and feeder steers at Kansas City, and 7 months lagged margin, by months, 1942 to date

Year and month	(Data for cover page)			Year and month	(Data for cover page)		
	Price per 100 pounds		Margin		Price per 100 pounds		Margin
	Choice grade slaughter steers, Chicago 1/	Stocker and feeder steers, Kansas City	between slaughter steers, and stockers and feeders 7 months previous 2/		Choice grade slaughter steers, Chicago 1/	Stocker and feeder steers, Kansas City	between slaughter steers, and stockers and feeders 7 months previous 2/
	Dollars	Dollars	Dollars		Dollars	Dollars	Dollars
1942				1947			
Jan.	12.54	10.57	2.64	Jan.	23.93	17.68	8.21
Feb.	12.47	10.69	2.88	Feb.	23.79	18.96	8.26
Mar.	13.03	11.47	3.24	Mar.	24.05	20.13	8.54
Apr.	13.83	11.93	3.85	Apr.	23.45	19.91	7.46
May	13.65	12.00	4.12	May	24.22	21.33	7.80
June	13.12	11.83	3.77	June	25.72	21.11	9.42
July	13.75	11.09	3.29	July	27.64	21.91	10.01
Aug.	14.87	12.05	4.30	Aug.	28.27	21.22	10.59
Sept.	14.63	11.64	3.94	Sept.	29.43	21.65	10.47
Oct.	15.07	11.83	3.60	Oct.	29.55	20.96	9.42
Nov.	15.40	12.62	3.47	Nov.	29.12	21.32	9.21
Dec.	14.90	12.24	2.90	Dec.	29.62	23.59	8.29
1943				1948			
Jan.	15.05	12.67	3.22	Jan.	30.36	26.31	9.25
Feb.	15.53	13.48	4.44	Feb.	27.10	24.15	5.19
Mar.	15.92	14.49	3.87	Mar.	26.92	25.57	5.70
Apr.	15.91	14.58	4.27	Apr.	28.17	26.62	6.52
May	15.59	14.60	3.76	May	30.91	27.80	9.95
June	15.50	14.38	2.88	June	34.85	26.96	13.53
July	15.06	12.48	2.82	July	36.44	28.25	12.85
Aug.	15.29	12.17	2.62	Aug.	36.02	27.40	9.71
Sept.	15.27	11.81	1.79	Sept.	34.49	25.42	10.34
Oct.	14.92	11.36	0.43	Oct.	32.24	24.41	6.67
Nov.	14.98	10.97	0.40	Nov.	30.68	24.52	4.06
Dec.	14.89	11.29	0.29	Dec.	27.82	23.26	0.22
1944				1949			
Jan.	15.00	11.60	0.62	Jan.	24.72	22.15	-2.24
Feb.	15.12	12.95	2.64	Feb.	22.99	21.25	-5.26
Mar.	15.23	13.06	3.06	Mar.	24.19	24.37	-3.21
Apr.	15.33	12.76	3.52	Apr.	24.37	23.66	-1.05
May	15.73	12.84	4.37	May	24.92	24.02	0.51
June	16.23	11.65	5.26	June	26.37	22.53	1.85
July	16.35	10.93	5.06	July	25.96	20.62	2.70
Aug.	16.42	11.50	4.82	Aug.	26.50	20.06	4.35
Sept.	16.26	11.34	3.31	Sept.	28.22	19.74	6.97
Oct.	16.56	11.50	3.50	Oct.	29.63	20.57	5.26
Nov.	16.27	11.96	3.51	Nov.	29.35	21.45	5.69
Dec.	15.62	11.49	2.78	Dec.	29.91	21.44	5.89
1945				1950			
Jan.	15.35	12.40	3.70	Jan.	28.14	22.94	5.61
Feb.	15.42	13.00	4.49	Feb.	27.19	24.13	6.57
Mar.	15.81	13.60	4.31	Mar.	27.33	25.32	7.27
Apr.	16.11	13.90	4.77	Apr.	27.66	25.79	7.92
May	16.16	14.23	4.66	May	29.19	27.19	8.62
June	16.16	13.73	4.20	June	29.99	27.44	8.54
July	16.17	13.54	4.68	July	30.62	27.48	9.18
Aug.	15.98	13.08	3.58	Aug.	29.97	26.90	7.03
Sept.	16.15	12.25	3.15	Sept.	30.32	26.90	6.19
Oct.	16.45	12.62	2.85	Oct.	30.42	26.92	5.10
Nov.	16.56	13.19	2.66	Nov.	31.24	28.46	5.45
Dec.	16.45	13.41	2.22	Dec.	32.98	29.45	5.79
1946				1951			
Jan.	16.51	13.56	2.78	Jan.	34.77	31.88	7.33
Feb.	16.36	14.71	2.82	Feb.	34.42	35.98	8.50
Mar.	16.37	15.22	3.29	Mar.	36.67	35.12	9.77
Apr.	16.46	15.86	4.21	Apr.	36.93	35.64	10.03
May	16.55	15.82	3.93	May	36.52	34.29	9.60
June	16.98	15.72	3.79	June	35.68	32.83	7.22
July	19.86	15.53	6.45	July	35.47	31.61	6.02
Aug.	20.73	15.51	7.17	Aug.	3/ 35.76	32.75	3.88
Sept.	19.58	15.99	4.87	Sept.			
Oct.	24.97	16.42	9.75	Oct.			
Nov.	25.63	16.30	9.77	Nov.			
Dec.	25.28	17.63	9.46	Dec.			

1/ Choice grade steers, 1951 name were called Good grade in earlier years. 2/ Margin between prices of Choice grade slaughter steers at Chicago for current month shown and of stocker and feeder steers at Kansas City 7 months previously.

3/ Average for first 3 weeks.

Market price data compiled from Market News, Livestock Branch, FMA.

To the extent that they are effective, present price controls will prevent strengthening of demand from increasing the prices of beef and cattle. And there is little doubt that cattle slaughter this year will be the smallest for the present cattle cycle. Trends in demand and in cattle slaughter may have more meaning for the longer-time cattle outlook than for cattle feeding this winter. Just as demand is unlikely to weaken much in the next 6 to 9 months, cattle slaughter in that period is not expected to increase greatly compared with a year earlier. Marked increases in cattle slaughter will probably not come for another year or two.

Cattle Prices Favorable in
Relation to Prices of Feed

Prices of slaughter cattle are considerably above the long-time average relationship to prices of feed, as they have been in the last 3 years. This favorable price ratio encourages a large volume of feeding. It also permits relatively high prices to be paid for feeder cattle. Furthermore, it gives an advantage to long term feeding, in which the cost of the feed is a higher proportion and cost of cattle a smaller proportion of total costs than they are when short term feeding is practiced. Comparatively low costs of feed are one reason for the increased feeding of calves in the last two years--which in turn is reflected in reduced calf slaughter.

Ceilings Provide Wider Price
Spread Between Slaughter Grades
Than in 1950

Under the schedule of price ceilings on cattle the price spread between upper and lower grades of slaughter steers this August was wider than in August of the last two years. (Table 3) This fairly wide spread points to prospects for average returns from fattening medium weight unfinished cattle to a higher weight and grade, a special type of feeding common in the Corn Belt just after the corn harvest.

Because price ceilings do not permit much chance for increases in prices of cattle, they discourage feeding programs that depend mainly on speculative increases in prices. Less short-term feeding of this sort therefore seems likely this winter. Also, it is doubtful that incentives under controls are particularly great for finishing cattle to the top, Primo, grade.

Now Minimum Ceiling
Price Determinations

The Defense Production Act Amendments of 1951 added a third standard for determining legal minimum ceiling prices on agricultural products to the two previously contained in the Defense Production Act of 1950. The 3 standards are: (1) the parity price, (2) the highest price received between May 24 and June 24, 1950, and (3) 90 percent of the price received by producers (by grade) on May 19, 1951. Of those, the two historical prices are fixed, but parity can change each month.

In early September, with parity as computed for August 15, the average minimum prices under the three standards for the various meat animals (on the basis of United States average price received by farmers) are as shown in table 5. For all meat animals except hogs, 90 percent of the May 19, 1951 price is the highest of the three standards and therefore, at this time, is the controlling factor in determining effective minimums for ceiling price purposes.

Prices for beef cattle, by grade, on May 19, 1951 the third standard for determining legal minimum price ceilings (as provided for under the Defense Production Act Amendments of 1951) were separately determined by the Secretary of Agriculture on the basis of Chicago prices. These minimum prices are listed in table 6 with the approximate OPS ceiling-equivalents for live cattle, at Chicago, that have been in effect, since June 4.

It is not known what weights will be given the prices of the various classes in each grade. However, from inspection of the prices an upward adjustment seems to be required only for the Utility grade.

Shorn Wool Production Up 4 Percent

Production of shorn wool in 1951 is estimated at 229 million pounds, 9 million pounds or 4 percent more than was shorn last year.

This is the second year of increase after 7 successive years of decline. The 1951 production is 27 percent less than the 1940-49 average and 41 percent less than the 1942 high.

Production was larger this year because 2 percent more sheep were shorn--reflecting a gradual expansion of sheep numbers now under way--and because the average weight per fleece increased to a new high of 8.23 pounds. The weight last year was 8.11 pounds and the 10-year average was 8.00 pounds. Fleece weights were unusually heavy this year in the Northern Mountain and Northern Plains States.

Shorn wool production was smaller this year than last in Texas, New Mexico and Arizona, where dry weather has been a handicap. In every other State except Louisiana and some of the North Atlantic States, production in 1951 is equal to or larger than last year's production.

Lamb Crop Slightly Larger This Year

The 1951 lamb crop of an estimated 18,761,000 head is about 1 percent larger than the 1950 crop, the first increase since 1941. There are about 300,000 more ewes in the breeding herd this year than last. The percentage lamb crop--the number of lambs per 100 ewes--was about the same as last year.

The lamb crop in the Native (eastern) States is 5 percent larger than last year. Ewe numbers there were up 4 percent and the percentage crop 1 percent higher. In the West, the crop was virtually unchanged from 1950. As in the East, ewe numbers were larger; but because of dry weather the percentage lamb crop in Texas was sharply reduced, cutting down the average for the West. One-half million fewer lambs were saved in Texas this year than last.

Slaughter Quotas
Ended August 1

Quotas on slaughter of livestock were ended August 1, having been prohibited by the Defense Production Act Amendments of 1951. Under the quotas, which were in effect 4 months on cattle and 3 months on other livestock, each slaughterer was permitted to slaughter in a compliance period, usually 1 month, no more than a stated percentage of his slaughter in the same period of 1950. Since all slaughterers had the same percentage quota, except for occasional modifications, it was intended that by this system the distribution of slaughter and of meat by firms and regions would be kept about the same under price controls as it had been previously.

Quotas ranged from as low as 80 percent for cattle, calves and sheep in some months to as high as 115 percent for hogs in June. On July 18 the original United States July quota for slaughter of calves and hogs was increased (table 5). In several instances quotas were increased for slaughterers in a particular region. In addition, in June and July slaughterers who supplied more beef or pork to the armed forces than they had supplied a year earlier were allowed to add the additional quantities to their quotas on cattle and hogs, within a maximum allowance of 15 percent. Finally, up to 5 percent of a monthly quota that was not used could be carried over to the next month, but no longer.

Table 5. - Legal minimums for meat animals, on the basis of average prices received by farmers, according to 3 standards, September 1, 1951 ^{1/}

Meat animal	Price received May 19, 1951 per 100 pounds	Standards (price per 100 pounds)			Minimum ceiling per 100 pounds
		90 percent of price May 19, 1951 ^{2/}	Highest price May 24- June 24, 1950 ^{3/}	Parity price, August 15, 1951	
	Dollars	Dollars	Dollars	Dollars	Dollars
Beef cattle	29.30	26.40	23.80	19.80	26.40
Veal calves	33.40	30.10	28.30	22.10	30.10
Sheep	16.80	15.10	12.00	11.20 ^{4/}	15.10
Lambs	32.40	29.20	26.40	21.70	29.20
Hogs	20.50	18.40	19.70	21.30	21.30

^{1/} As provided for under Section 302 (d) (3) of the Defense Production Act of 1950, as amended.

^{2/} U. S. averages for all grades. Legal minimum prices under this standard are actually for prices by grades.

^{3/} As adjusted for seasonal.

^{4/} Transitional parity, 90 percent of parity price computed under formula in use prior to January 1, 1950.

Table 6. - Ninety percent of prices for beef cattle, by grade, at Chicago on May 19, 1951, and approximate ceiling equivalent for beef cattle at Chicago established June 4, 1951 1/

Class and grade	90 percent of price		Approximate live-cattle	
	per 100 pounds, at Chicago, May 19, 1951 1/		ceiling equivalent per 100 lbs., Chicago, June 4, 1951 2/	
	Dollars		Dollars	
<u>11 classes except bulls</u>				
Prime				
Steers	34.54)		37.00	
Heifers	33.98)			
Choice				
Steers	32.85)		34.20	
Heifers	32.18)			
Good				
Steers	30.38)		31.50	
Heifers	29.92)			
Commercial				
Steers	27.45)			
Heifers	27.11)		27.30	
Cows	26.32)			
Utility				
Steers	24.75)			
Heifers	24.41)		21.80	
Cows	23.18)			
Canner and cutter cows	19.35		19.50	
<u>alls</u>				
Good	27.22)			
Commercial	27.34)		27.40	
Utility	25.54)			
Cutter	23.51)			

1/ This is only one of 3 standards (see table 5), but is the only one now carried out by grade.

2/ Averages for all classes in each grade, derived from Chicago wholesale ceiling prices for beef at representative dressing yields.

Table 7. - Slaughter quotas issued by OPS during the 1951 quota program, and actual changes in live weight of commercial slaughter from a year earlier

Month	Quota 1/				Live weight of commercial slaughter, 1951, as percent of year earlier			
	Cattle	Calves	Sheep : lambs	Hogs	Cattle	Calves	Sheep : lambs	Hogs
	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent
April	100	---	---	---	94.5	---	---	---
May	98	80	80	110	90.8	75.2	72.8	112.4
June	80	80	80	115	76.5	78.9	81.5	111.0
July	90	2/85		2/105				
		3/100		3/110				

1/ In addition there were in some or all months special allowances for military contracts, increases in quotas on a regional basis, and special relief for hardship cases. Also, unused quotas could be carried over to the next month, within a 5 percent limit. 2/ As first announced. 3/ As changed July 18.

Table 8 corrects table 1, page 5, of the July Situation, which carried unrevised figures for 1950 commercial meat production.

Table 9 presents an annual series on imports of cattle and calves from Canada and Mexico since 1934, with monthly data for 1951 to date.

About 400,000 cattle and calves for feeding or slaughter have been received from Canada in each of the last 3 years. This year the imports have been smaller; about 125,000 head were received in the first six months. Canadian cattle herds have been reduced and will not provide as many cattle as formerly above the number required by domestic Canadian needs.

Imports of cattle from Canada increased sharply in 1948 because wartime Canadian restrictions were removed. Imports of live cattle from Mexico were stopped at the end of 1946 when an outbreak of foot-and-mouth disease was discovered.

Table 8.- Commercial meat production, United States, by quarter-year, 1949 to first half 1951

All Meat					
Year	January- March	April- June	July- September	October- December	Year
	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds
1949	5,020	4,537	4,704	5,453	19,714
1950	5,076	4,740	4,767	5,648	20,231
1951	5,124	4,652			
Beef					
1949	2,270	2,233	2,399	2,240	9,142
1950	2,231	2,221	2,415	2,381	9,248
1951	2,188	1,965			
Veal					
1949	271	286	347	336	1,240
1950	263	277	312	285	1,137
1951	220	216			
Lamb and mutton					
1949	158	114	154	161	587
1950	150	139	149	143	581
1951	130	108			
Pork excluding lard					
1949	2,321	1,904	1,804	2,716	8,745
1950	2,432	2,103	1,891	2,839	9,265
1951	2,586	2,363			

Table 9.-- Imports of cattle and calves into the United States from Canada and Mexico, by years, 1934-50, by months to date, 1951

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Year	Cattle and calves					
	Canada			Mexico		
	Cattle	Other	Calves ^{1/}	Cattle	Other	Calves ^{1/}
	for breeding	edible cattle		for breeding	edible cattle	
Number	Number	Number	Number	Number	Number	
1934	5,608	1,825	0	1,237	55,853	—
1935	13,066	112,720	0	280	251,090	—
1936	10,346	178,368	55,695	684	162,431	1,615
1937	11,350	214,546	80,792	692	197,509	1,259
1938	9,080	92,118	45,645	383	283,800	2,062
1939	9,599	192,552	81,832	267	445,306	33,259
1940	12,904	144,675	74,681	602	380,922	29,921
1941	16,139	173,795	62,419	235	456,373	39,776
1942	16,107	144,017	53,015	81	442,039	13,503
1943	22,369	36,292	5,986	582	579,071	8,283
1944	16,748	34,826	5,551	26	300,790	310
1945	22,165	45,530	8,428	9	434,111	1,315
1946	41,919	67,609	9,345	152	438,031	708
1947	29,869	45,379	7,642	0	^{2/} 1,430	0
1948	42,853	395,255	23,571	0	0	0
1949	21,332	370,591	41,535	0	0	0
1950	22,610	399,300	38,985	0	0	0
1951						
January	1,143	19,741	878	0	0	0
February	1,705	21,199	834	0	0	0
March	1,482	21,669	966	0	0	0
April	2,158	22,069	1,973	0	0	0
May	1,920	19,474	3,535	0	0	0
June	1,705	14,373	2,330	0	0	0

^{1/} Under 200 pounds.

^{2/} Cattle from Mexico were actually imported on December 26, 1946; books had been closed so they were reported in January 1947.

Compiled from reports on foreign trade of United States, Department of Commerce.

Digest of O.P.S. and N.P.A. Regulations Affecting Meat Animals

The following is a list of regulations supplementing that appearing in the July Livestock and Meat Situation. Reference should be made to the original order in determining the application of amendments listed below.

Regulations issued by the Office of Price Stabilization,
Economic Stabilization Agency

Regulation	Principal provisions
Distribution Regulation 1 Amendment 7 Issued August 1, 1951 Effective August 1, 1951	: Cancels the provisions of DR 1, relating to : quotas on livestock slaughter.
General Ceiling Price Regulation Supplementary Regulation 47 Correction Issued July 30, 1951 Effective July 30, 1951	: Permits a maximum of $\frac{1}{2}$ inch of fat rather : than $\frac{1}{4}$ inch on back of loin. Allows seller : to add 1 $\frac{1}{4}$ cents per pound for bladeless : loins.
Ceiling Price Regulation 16 Amendment 5 Issued August 14, 1951 Effective August 17, 1951	: Allows a wholesaling-retailer to use his : regular wholesale ceiling prices established : under CPR 14 in figuring his retail ceiling : prices. (Applies to a highly specialized type : of operation and is of limited application.)
Ceiling Price Regulation 22 Amendment 20 Issued July 30, 1951 Effective July 31, 1951	: Extends the mandatory effective date of CPR 22 : to August 13. Restates that ceilings under : CPR 22 must be computed on the basis of the : formulas in the regulations and makes other : changes concerning the date on which price : changes go into effect.
Ceiling Price Regulation 22 Amendment 21 Issued August 9, 1951 Effective August 13, 1951	: Postpones indefinitely the mandatory effective : date of CPR 22, pending issuance of regulations : reflecting the recent amendments to the De- : fense Production Act of 1950.
Ceiling Price Regulation 22 Supplementary Regulation 15 Issued July 30, 1951 Effective August 6, 1951	: Provides a new method to be used after : September 15, 1951, for calculating all ma- : terial cost adjustments in getting a ceiling : price for sterile canned meat and dry sausage. : Establishes mandatory base period, April 1, : 1950 to June 24, 1950

Regulation	Principal provisions
Ceiling Price Regulation 24 Amendment 4 Issued August 1, 1951 Effective August 1, 1951	: Cancels the schedule of wholesale beef prices : which were to have gone into effect on : August 1, 1951. Prohibits the importation of : beef purchased at prices above domestic cell- : ings at the point of consignment; and makes : other changes.
Ceiling Price Regulation 31 Amendment 6 Issued July 31, 1951 Effective July 31, 1951	: Provides an effective date of September 1, 1951 : for CPR 31. . Also restates the provision for : determining the ceiling price of the imported : commodities covered by CPR 31.
Ceiling Price Regulation 31 Amendment 7 Issued August 30, 1951 Effective October 1, 1951	: Extends the filing date for importer-retailers : until October 1, simplifies the reporting re- : quirements, provides an adjustment section, : and permits use of a proposed ceiling price : after a waiting period of 10 days.
Ceiling Price Regulation 41 Amendment 2 Issued July 30, 1951 Effective July 31, 1951	: Extends the period during which either the : GCPR or CPR 41 may be used to August 13, 1951. : After that date CPR 41 must be used.
Ceiling Price Regulation 41 Amendment 3 Issued August 13, 1951 Effective August 13, 1951	: Postpones indefinitely the mandatory effective : date of CPR 41 pending issuance of regulations : reflecting the recent amendments to the De- : fense Production Act of 1950.
Ceiling Price Regulation 61 Issued July 30, 1951 Effective August 6, 1951	: Establishes export ceiling prices from conti- : nent U.S. and territories at the same relation- : ship they bore to domestic prices before the : Korean outbreak (base period 18 months ending : June 30, 1950). Applies to all exports of : meat except sales covered by GCPR, SR 34, and : CPR 24.
Ceiling Price Regulation 61 Correction Issued August 3, 1951 Effective August 26, 1951.	: Corrects the effective date of CPR 61 to read : August 26, 1951.

Regulation	Principal provisions
General Overriding Regulation 13 Revocation Issued July 30, 1951 Effective July 30, 1951	Revokes GOR 13, as it is no longer necessary.
Notice of Continuation of Existing Regulations Issued August 1, 1951 Effective August 1, 1951	Confirms and continues all regulations, rules, orders and requirements issued on or before July 31, 1951, according to their term.
National Production Authority orders, Department of Commerce	
M-18 Issued December 21, 1950 Effective December 21, 1950	Imposes limitations on inventories, processing, mixing and preparation of bristles (hog bristles) for manufacture of brushes.
M-18, as amended January 12, 1951 Issued January 12, 1951 Effective January 12, 1951	Amends and restates M-18. Places additional limitations on the use of hog bristles, and makes other changes.
M-18, as amended March 30, 1951 Issued March 30, 1951 Effective March 30, 1951	Amends and restates M-18 as amended January 12, 1951. Requires standardization of brushes manufactured from hog bristles.
M-18, as amended July 3, 1951 Issued July 3, 1951 Effective July 3, 1951	Amends and restates the regulation, changes restrictions on the use of hog bristles for certain types of brushes, and makes other minor changes.
M-34, Revocation Issued July 31, 1951 Effective July 31, 1951	Revokes M-34, as amended, effective July 31, 1951.
M-62 Amendment 2 Issued August 1, 1951 Effective August 1, 1951	Extends the limitations set up in M-62 to September 30, 1951.
M-62, as amended Issued August 14, 1951 Effective August 14, 1951	Removes the restrictions on the processing of horsehide fronts for military use.

Selected Price Statistics for Meat Animals 1/

Item	Unit	Jan.- July Av.		1951			
		1950	1951	1950 July	1951 June	1951 July	1951 Aug.
Cattle and calves							
Beef steers, slaughter 2/							
:Dollars per:							
Chicago, Prime	100 pounds	32.71	38.80	31.63	37.46	37.37	
Choice	do.	28.59	36.00	30.62	35.68	35.47	
Good	do.	25.95	(33.41)	28.68	33.45	33.05	
Commercial	do.	22.91	(31.06)	24.16	30.93	30.00	
Utility	do.	27.75	28.55	24.16	28.02	27.23	
All grades	do.	26.37	35.38	30.67	35.68	35.75	
Omaha, all grades	do.	26.37	34.05	29.46	33.93	34.15	
Sioux City, all grades	do.	26.59	34.16	29.74	34.23	34.58	
Cows, Chicago 2/							
Commercial	do.	20.78	27.81	23.25	29.08	28.50	
Utility	do.	18.15	24.99	20.43	25.13	24.21	
Canner and Cutter	do.	15.67	21.49	18.07	21.36	21.04	
Vealers, Good and Choice, Chicago	do.	30.09	37.75	30.10	38.65	37.45	
Stocker and feeder steers, Kansas City	do.	25.76	33.68	27.48	32.83	31.61	
Price received by farmers							
Beef cattle	do.	22.07	29.13	24.40	29.50	29.00	29.10
Veal calves	do.	24.89	32.94	26.60	33.40	32.50	32.60
Hogs							
Barrows and gilts							
Chicago							
160-180 pounds	do.	18.21	21.38	23.16	21.91	22.21	
180-200 pounds	do.	18.69	22.14	24.09	22.62	23.03	
200-220 pounds	do.	18.77	22.25	24.22	22.74	23.17	
220-240 pounds	do.	18.60	22.13	24.04	22.58	22.90	
240-270 pounds	do.	18.22	21.83	23.39	22.20	22.28	
270-300 pounds	do.	17.71	21.35	22.39	21.61	21.36	
All weights	do.	18.19	21.80	23.55	22.12	22.50	
Seven markets 3/	do.	18.17	21.47	23.50	21.80	22.01	
Sows, Chicago	do.	15.41	18.96	18.97	19.31	18.85	
Price received by farmers	do.	17.26	20.87	20.90	21.10	20.80	21.20
Hog-corn price ratio 4/							
Chicago, barrows and gilts	do.	12.8	12.4	15.1	12.9	12.8	
Price received by farmers, all hogs	do.	13.6	13.0	14.5	13.0	12.8	12.8
Sheep and lambs							
Sheep							
Slaughter ewes, Good and Choice, Chicago	do.	11.67	19.73	9.32	16.94	14.88	
Price received by farmers	do.	10.57	16.99	10.40	16.50	15.50	15.00
Lambs							
Slaughter, Good and Choice, Chicago	do.	26.26	36.54	27.37	34.36	31.90	
Price received by farmers	do.	23.86	32.44	24.70	31.70	30.20	29.80
All meat animals							
Index number price received by farmers							
(1910-14=100)		324	418	371	422	414	416
Meat							
Wholesale, Chicago							
:Dollars per:							
Steer beef carcass, Choice, 500-600 pounds 2/	100 pounds	45.26	56.08	49.50	56.50	56.50	
Lamb carcass, Good, 30-40 pounds	do.	51.11	56.42	53.88	58.00	58.00	
Composite hog products, including lard							
72.84 pounds fresh	Dollars	19.63	23.64	24.31	24.07	23.96	
Average per 100 pounds	do.						
71.32 pounds fresh and cured	do.	22.72	26.34	27.62	26.30	26.09	
Average per 100 pounds	do.						
Retail, United States average							
Beef, Good grade	per pound	70.7	84.6	77.9	84.7	---	
Lamb	do.	68.4	76.0	73.0	78.4	---	
Pork, including lard	do.	38.5	45.1	43.7	45.4	---	
Index number meat prices (BLS)							
Wholesale (1926=100)		227	273	260	275	275	
Retail (1935-39=100)		233	272	257	273	274	

1/ Annual data for most series published in Statistical Appendix to this Situation, February 1951.
 2/ Grade names as used beginning January 1951.
 3/ Chicago, St. Louis N. S. Y., Kansas City, Omaha, Sioux City, S. St. Joseph, and S. St. Paul.
 4/ Number bushels of corn equivalent in value to 100 pounds of live hogs.
 5/ Index of retail meat prices, new weights.

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

Item	Unit	Jan-July			1951		
		1950	1951	1950 July	June	July	August
Meat animal marketings							
Index number (1935-39=100)		132	136	119	120	128	
Stocker and feeder shipments to							
8 Corn Belt States	: 1,000						
Cattle and calves	: head	956	993	152	111	173	
Sheep and lambs	: do.	902	1,069	153	164	168	
Slaughter under Federal inspection							
Number slaughtered							
Cattle	: do.	7,293	6,599	1,070	787	920	
Calves	: do.	3,412	2,889	443	406	408	
Sheep and lambs	: do.	6,632	5,524	960	811	863	
Hogs	: do.	31,178	34,327	3,314	4,700	3,826	
Percentage sows	: Percent	17	11	38	18	33	
Average live weight per head							
Cattle	: Pounds	987	1,002	973	978	978	
Calves	: do.	193	189	226	209	233	
Sheep and lambs	: do.	98	100	91	93	93	
Hogs	: do.	248	250	278	261	276	
Average production							
Beef, per head	: do.	543	557	535	556	550	
Veal, per head	: do.	108	108	127	120	133	
Lamb and mutton, per head	: do.	47	48	44	45	44	
Pork, per head 2/	: do.	139	138	156	144	151	
Pork, per 100 pounds live weight 2/	: do.	56	55	56	55	55	
Lard, per head	: do.	37	37	40	39	41	
Lard, per 100 pounds live weight ..	: do.	15	15	14	15	15	
Total production	: Million:						
Beef	: pounds	3,943	3,656	570	435	503	
Veal	: do.	366	309	56	49	54	
Lamb and mutton	: do.	308	261	42	36	38	
Pork 2/	: do.	4,311	4,737	515	673	577	
Lard	: do.	1,138	1,264	133	183	157	
Total commercial slaughter 3/							
Number slaughtered	: 1,000						
Cattle	: head	10,042	9,054	1,474	1,110	1,287	
Calves	: do.	5,841	4,834	767	646	665	
Sheep and lambs	: do.	7,266	5,996	1,062	886	948	
Hogs	: do.	37,756	41,280	4,030	5,570	4,591	
Total production	: Million:						
Beef	: pounds	5,206	4,829	754	591	676	
Veal	: do.	637	522	97	78	86	
Lamb and mutton	: do.	335	280	46	39	42	
Pork 2/	: do.	5,143	5,625	608	786	676	
Lard	: do.	1,304	1,435	153	205	177	
Cold-storage stocks first of month							
Beef	: do.	---	---	60	100	90	85
Veal	: do.	---	---	7	6	6	7
Lamb and mutton	: do.	---	---	7	6	5	6
Pork	: do.	---	---	469	616	572	500
Total meat and meat products 4/	: do.	---	---	633	839	778	699

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.

U. S. Department of Agriculture
Washington 25, D. C.

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