

The

LIVESTOCK and MEAT SITUATION

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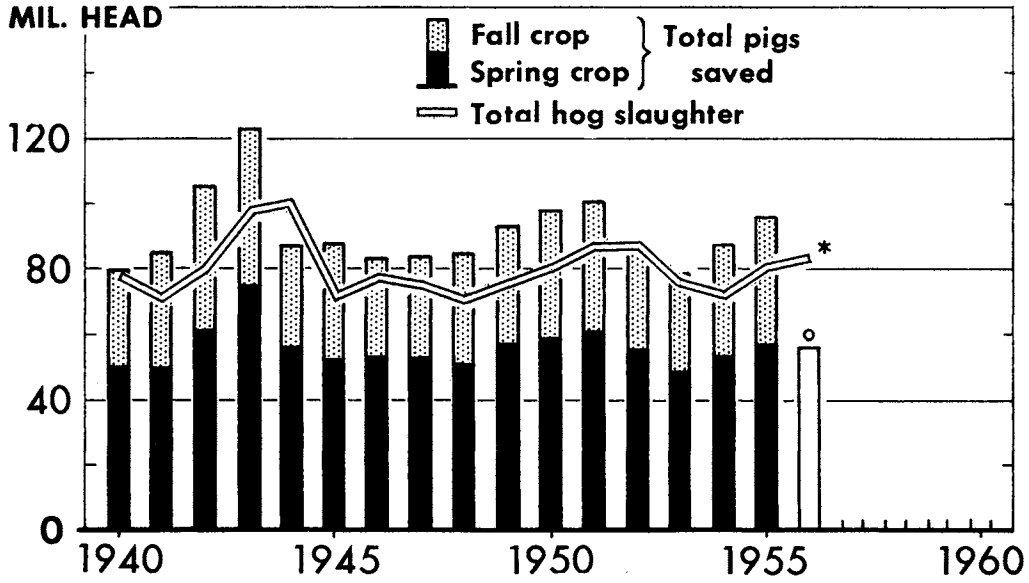
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LMS-81



PIG CROPS AND HOG SLAUGHTER

MIL. HEAD



* 1956 SLAUGHTER IS FORECAST
O BASED ON INTENTIONS AND AVERAGE LITTERS

U. S. DEPARTMENT OF AGRICULTURE

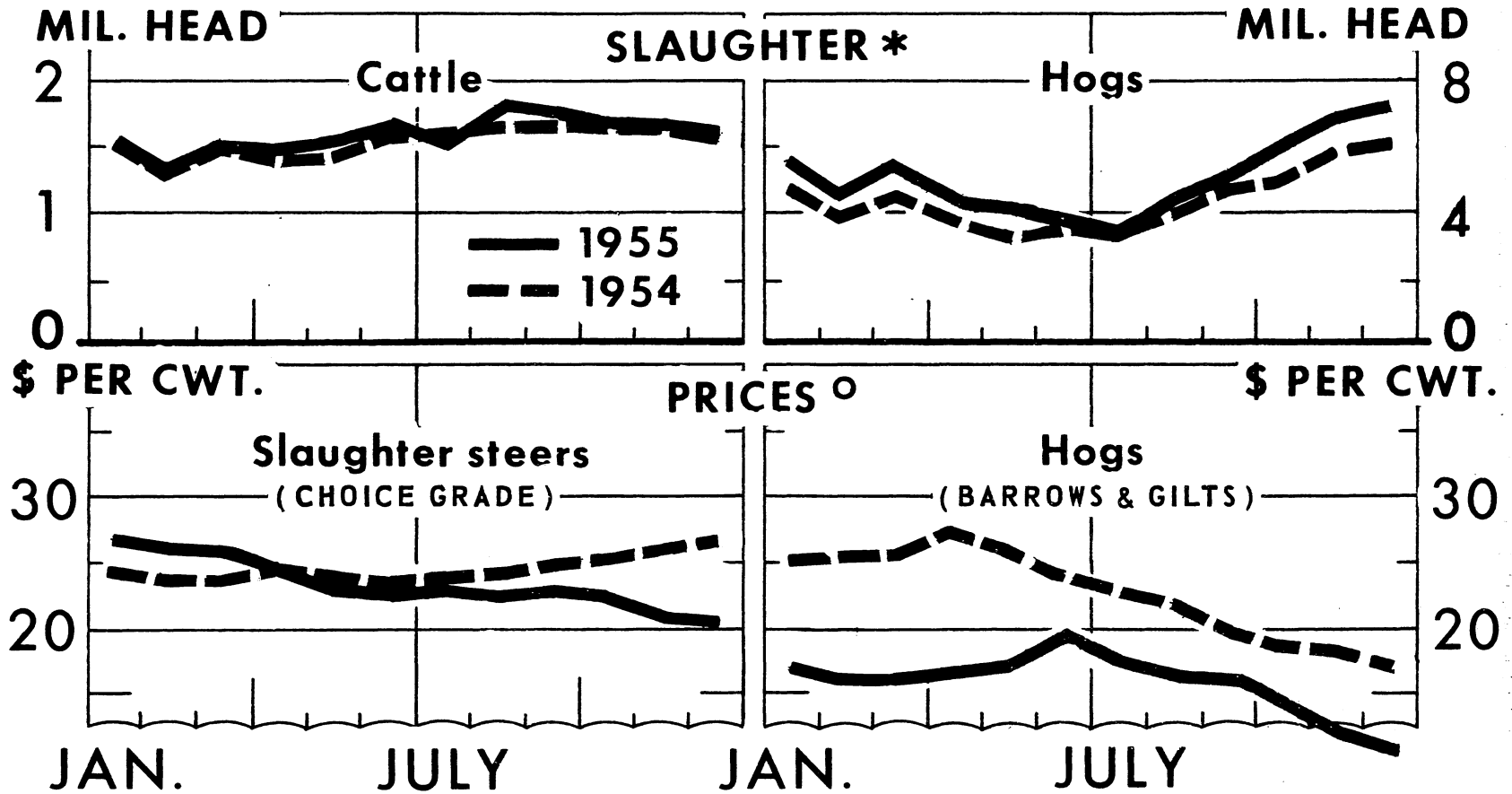
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Slaughter of hogs was 13 percent larger in 1955 than 1954. It was up even more than the expansion in pig crops, because it was increased in beginning months by sizable inventories carried over from 1954, and in the fall by early slaughter of 1955 spring pigs and by some liquidation of breeding stock.

Slaughter in the first half of 1956

will be higher than a year earlier, as a result of the 12 percent larger 1955 fall pig crop. Beginning in August, slaughter will average less than in 1955 if producers carry out their intentions to reduce the number of spring pigs by 2 percent. 1956 total slaughter is expected to exceed 1955 by about 2 percent.

SLAUGHTER AND PRICES OF CATTLE AND HOGS



* FEDERALLY INSPECTED

o AT CHICAGO

THE LIVESTOCK AND MEAT SITUATION

Approved by the Outlook and Situation Board, January 3, 1956

SUMMARY

The fall bulge in livestock slaughter, which pushed meat output to an all-time record rate, has passed. Slaughter this winter will be down seasonally but above last winter. Cattle slaughter will equal or exceed last winter. A back-log of long-fed steers had been worked off fairly well by January 1, and partly-finished steers and heifers of middle grades will make up a larger part of slaughter in weeks ahead than in the fall. Slaughter of hogs will decrease, as usual, but it will stay above last year. Sheep and lamb slaughter might be slightly less than last winter.

Total meat output will likely exceed last year during the first half of 1956, but it may be smaller than a year earlier in the second half. Because cattle went on feed earlier and at heavier weights more of the year's total fed cattle slaughter will probably come in the first half in 1956 than in 1955, and less in the second. The 12 percent larger fall pig crop assures a larger slaughter of hogs in the first half; because a 2 percent smaller spring crop is planned by producers, slaughter in the second half may fall below the same period of 1955.

Regionally, increases in spring farrowings are in prospect in the South, while some sharp decreases are planned in the Western Corn Belt.

Prices of cattle in 1956 are expected to average slightly higher than in 1955, and hog prices slightly lower. Based on the prospective supplies, stronger prices of meat animals are more likely later in the year than earlier. Prices of high grade fed steers may recover moderately early in 1956, but will stay below last year's prices for several months. Prices of lower grade steers and heifers may be slower to increase, and the price spread between grades may widen temporarily. The spread is likely to narrow with the approach of spring when prices of lower grade stock will likely rise seasonally. Prices of hogs promise to climb from their depths of late November and December. However, substantial increases are not likely before mid-spring because of the sizable marketings of fall-born hogs in prospect. Prices of lambs probably will increase seasonally during the winter.

Through December 31 the Department of Agriculture had contracted for 33 million pounds of pork and 31 million pounds of lard. Purchases are being made to provide price assistance by helping to remove surplus supplies. Pork obtained is being donated to school lunches and other eligible outlets.

REVIEW AND OUTLOOK

Record Last-Quarter
Meat Output Climaxes
Peak Year

More livestock were slaughtered and more meat was produced in 1955 than ever before. Outturn was especially large in the last quarter, when total meat production in commercial establishments exceeded the previous year by approximately 8 percent. Fourth-quarter beef production was up about 6 percent to a new record, chiefly as a result of slaughter of a back-log of highly finished fed steers. Commercial production of pork in the fourth quarter, as estimated from weekly inspected slaughter, was around 3,150 million pounds, 14 percent above a year before. It was a new peacetime high for the quarter and about equal to the record pork output in October-December of 1943.

Production of meat in all of 1955 probably totaled about 27 billion pounds. This was 7 percent more than in 1954 and a new high. At this rate of production, consumption per person was approximately 161 pounds, the most for any year on record except 1908.

Many Fed Steers in
Fourth-Quarter
Cattle Slaughter

In October-December, about 2 percent more cattle were slaughtered commercially than a year earlier. Unlike previous quarters, slaughter of steers was especially large. A large supply of heavy, long-fed steers built up during the summer and early fall as the usual seasonal price increase failed to materialize. When marketed in October-December, the receipts of Choice and Prime steers at 3 Midwest markets advanced to 10 percent above a year before (table 1).

While steer slaughter climbed above a year earlier, cow and heifer slaughter eased off. The number of cows slaughtered under Federal inspection in November was no larger than a year before. Cow slaughter in all previous months of 1955 except July had been appreciably above 1954 (table 2).

Average carcass weights in October-December were up about 3 percent from a year earlier, contributing to the substantial gain in total beef output.

Some Highly Finished
Fed Steers Remain for
Winter Sale; But Lower
Grades to Bulk Larger

Although much of the inventory of long fed steers was reduced by the end of December, sufficient numbers remained to maintain a substantial slaughter and to limit price recovery in early winter. Prices of the upper grades will remain considerably below the temporarily high prices of last winter.

Table 1.- Number beef steers, by grade, sold at Chicago, Omaha and Sioux City, by months 1954 to date

Month	Prime		Choice		Good and below	
	1955	1954	1955	1954	1955	1954
	Head	Head	Head	Head	Head	Head
January	13,369	16,419	107,558	119,581	86,175	67,710
February	4,022	8,817	80,430	105,932	84,750	71,940
March	2,188	7,403	104,542	131,850	102,123	106,177
April	3,316	5,688	108,410	119,058	92,090	78,606
May	5,764	10,122	156,947	168,596	91,250	80,613
June	11,046	15,837	166,124	186,419	78,647	61,941
July	24,413	19,301	129,397	154,534	49,908	60,836
August	48,375	30,446	153,593	164,913	68,573	66,354
September	38,185	31,016	135,654	144,445	53,671	52,880
October	39,361	31,492	153,547	142,555	58,659	42,003
November	49,035	48,652	145,369	136,720	51,473	46,339
December	40,767	26,955	128,054	119,546	49,011	63,057
Total	279,841	252,148	1,569,625	1,694,149	866,330	798,456

Compiled from Market News, Livestock Division

Supplies of partly finished steers, increasing at year's end, will make up a seasonally larger part of total slaughter this winter than in past months. Prices of steers and heifers of these grades will remain under pressure until the approach of spring. At that season, price spreads between grades usually narrow as prices of the upper grades decline and those of the lower grades increase. Some narrowing is likely again this year. However, the greater changes will probably be confined to the lower grades. If prices of Choice and Prime steers should make only a small recovery this winter, their decline this spring probably would be small.

Total slaughter of cattle the first six months may be a little greater than at the same time in 1955. The increase would be in fed cattle. Cattle went on feed earlier and at heavier weight this fall than in the fall of 1954. Consequently, marketings may be earlier than in 1955, when they were unusually late. Because of the marketing pattern, price strength for fed cattle seems more probable in the second half than in the first.

Slaughter of cows might prove no larger in 1956 than in 1955. Cow slaughter in 1955 was a record number of head, though not a record percent of total slaughter. Heifer slaughter was up 7 percent in 1955. Steer slaughter decreased slightly, despite a larger kill beginning in August (table 2).

Table 2.- Cattle slaughtered under Federal inspection,
by class, by month, 1953 to date 1/

Month	Number								
	Steers			Heifers			Cows		
	1955	1954	1953	1955	1954	1953	1955	1954	1953
	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
	head	head	head	head	head	head	head	head	head
January	718	774	709	236	250	179	540	487	390
February	618	673	692	221	201	165	450	400	287
March	773	825	802	261	212	153	463	440	308
April	737	806	869	238	173	152	444	402	304
May	810	815	854	201	155	122	509	429	319
June	861	881	890	215	166	135	518	474	371
July	749	837	849	201	198	165	538	537	431
August	870	773	774	226	234	178	656	585	492
September	857	761	781	215	244	189	638	588	618
October	799	732	752	222	223	219	635	621	755
November	729	684	693	213	202	183	681	681	690
December		741	779		215	208		592	625
Year	2/9,250	9,302	9,445	2/2,650	2,472	2,049	2/6,700	6,236	5,591
	Percentage of total cattle slaughtered								
	Per-	Per-	Per-	Per-	Per-	Per-	Per-	Per-	Per-
	cent	cent	cent	cent	cent	cent	cent	cent	cent
January	47.2	50.2	54.0	15.5	16.2	13.6	35.5	31.6	29.7
February	47.1	51.7	59.1	16.8	15.4	14.1	34.3	30.7	24.5
March	50.7	54.6	61.7	17.1	14.0	11.8	30.4	29.1	23.7
April	50.8	56.9	63.4	16.4	12.2	11.1	30.6	28.4	22.2
May	51.9	56.6	63.5	12.9	10.8	9.1	32.6	29.8	23.7
June	52.5	56.1	61.4	13.1	10.6	9.3	31.6	30.2	25.6
July	49.1	51.6	56.7	13.2	12.2	11.0	35.3	33.1	28.8
August	48.4	47.3	51.8	12.6	14.3	11.9	36.5	35.8	32.9
September	48.9	46.5	47.5	12.3	14.9	11.5	36.4	35.9	37.6
October	47.2	45.3	42.2	13.1	13.8	12.3	37.5	38.4	42.4
November	43.9	42.7	43.1	12.8	12.6	11.4	41.0	42.5	42.9
December		46.8	47.1		13.6	12.6		37.4	37.8
Year	48.6	50.3	53.6	13.9	13.4	11.6	35.1	33.8	31.7

1/ Number of bulls and stags not shown.

2/ Includes estimate for December.

Compiled from Market News, Livestock Division.

Hog Slaughter to
Decrease Seasonally
But Stay Large

Slaughter of hogs under Federal inspection increased to a seasonal peak the week ending December 10. Slaughter had been exceptionally large since the first of October. The average October-November increase over a year earlier in inspected slaughter was 18 percent. (The spring pig crop had been up 8 percent.) The increase in slaughter was especially great for inspected packers in the Western Corn Belt and South. In the two months inspected slaughter was up 35 percent from a year before in the Southwestern Corn Belt, 20 percent in the Northwestern Corn Belt, 26 percent in the South Atlantic States and 28 percent in the South Central States. Increases were smallest in the deficit Northeast and West. (See table 3.)

Small increases in inspected slaughter in the Eastern Corn Belt are largely accounted for by reductions in the Chicago area, from which several facilities have been moved. October-November slaughter of hogs in the Chicago area was 21 percent less than a year before. It is not known how completely the facilities disbanded in Chicago have been replaced at other locations.

Noninspected slaughterers were slow to absorb much of the surplus of hogs. Their October-November increase was only 7 percent. The regional pattern for noninspected plants differed from inspected in that Mountain States showed a substantial increase, but the Southwestern Corn Belt no change.

The fact that, in general, only larger firms in the Western Corn Belt and South stepped up operations enough to process the sharply increased supply of hogs probably accentuated the severe price decline. If more of the industry had accepted additional numbers of hogs, the decline might have been less. However, regional differences in the increase in slaughter were reduced as the season progressed -- either because eastern and western regions bid for more hogs, or because Western Corn Belt plants had reached their full capacity and hogs necessarily had to be moved elsewhere for slaughter.

Prices of barrows and gilts at Chicago dropped to a low of \$10.57 per 100 pounds the week ending December 17. This was the lowest average since December 13, 1941 and was \$6.44 or 38 percent below the same week of 1954.

Slaughter of hogs will decrease seasonally in the first part of 1956. Slaughter for the first few weeks will consist of the remainder of the 1955 spring pig crop. It may be up from last year by somewhat less than the 8 percent increase in the spring crop, because a larger part of the crop had been marketed by December 31 this season than last. Commercial slaughter of hogs from August to December totaled about 14 percent more than a year before, outrunning the crop by 6 percent. However, slaughter for the entire season will be up more than the increase in the spring pig crop. It will include 3/4 million more sows and gilts than last year released for slaughter by the reduction in spring farrowings.

Table 3.- Commercial hog slaughter by regions,
October-November, 1954 and 1955

Region	Federally inspected			Other wholesale and retail		
	1955	1954	1955 as a percentage of 1954	1955	1954	1955 as a percentage of 1954
	1,000 head	1,000 head	Percent	1,000 head	1,000 head	Percent
North Atlantic	1,135	982	116	375	390	96
South Atlantic	488	386	126	455	419	109
North Central						
Eastern	2,859	2,686	116	752	710	106
Northwestern	5,500	4,598	120	35	27	130
Southwestern	1,452	1,079	135	70	71	99
South Central	839	656	128	446	396	113
Mountain	198	178	111	80	66	121
Pacific	531	451	118	106	98	108
Total	13,001	11,019	118	2,320	2,174	107

Slaughter from about mid-February through July will consist of hogs from the 1955 fall pig crop. The increase in that crop was 12 percent, but slaughter will be up slightly more because it too will include additional breeding stock released by a probable downturn in fall farrowings.

Of the farrowings in the fall of 1955, 53 percent were in June to August (the "summer" pig crop) and 47 percent were in September to November (table 4). This was a later schedule than in the fall of 1954, when the summer crop was unusually large. Later farrowings might seem to indicate later slaughter of hogs this spring than in the spring of 1955. But slaughter was delayed in the spring of both 1954 and 1955, in response to rising prices. Marketings this spring may be hurried a bit just as they were the past fall. Slaughter therefore may be fairly early. It will likely continue large until mid-summer, and exceed a year earlier in each month.

Prices of hogs are expected to recover appreciably from their extreme lows of early December, but the increase will be cut off by large marketings of fall pigs. By mid-spring prices will probably begin their usual spring-summer advance. Prices are unlikely to regain last year's level at any time in the first half of 1956.

Table 4.- Number of sows farrowing and percentage distribution by months, spring and fall season, 1950 to date

Sows farrowing, spring							
Year	Dec.	Jan.	Feb.	Mar.	Apr.	May	Total
	1,000 head	1,000 head	1,000 head	1,000 head	1,000 head	1,000 head	1,000 head
1950	249	418	1,090	2,804	3,085	1,533	9,179
1951	281	484	1,218	2,717	3,078	1,706	9,484
1952	259	464	1,163	2,332	2,550	1,543	8,311
1953	213	415	998	2,028	2,160	1,231	7,045
1954	255	480	1,313	2,288	2,104	1,229	7,669
1955	305	670	1,512	2,295	2,241	1,286	8,309
Percentage distribution of spring farrowings							
	Percent	Percent	Percent	Percent	Percent	Percent	Percent
1950	2.7	4.6	11.9	30.5	33.6	16.7	100.0
1951	3.0	5.1	12.8	28.6	32.5	18.0	100.0
1952	3.1	5.6	14.0	28.0	30.7	18.6	100.0
1953	3.0	5.9	14.2	28.8	30.6	17.5	100.0
1954	3.3	6.3	17.1	29.9	27.4	16.0	100.0
1955	3.7	8.0	18.2	27.6	27.0	15.5	100.0
Sows farrowing, fall							
	June	July	Aug.	Sept.	Oct.	Nov.	Total
	1,000 head	1,000 head	1,000 head	1,000 head	1,000 head	1,000 head	1,000 head
1950	711	609	1,286	1,893	1,005	423	5,927
1951	809	664	1,328	1,803	977	374	5,955
1952	785	632	1,164	1,504	705	277	5,067
1953	649	589	1,122	1,239	609	271	4,479
1954	769	709	1,280	1,308	641	307	5,014
1955	749	825	1,368	1,471	795	361	5,569
Percentage distribution of fall farrowings							
	Percent	Percent	Percent	Percent	Percent	Percent	Percent
1950	12.0	10.3	21.7	31.9	17.0	7.1	100.0
1951	13.6	11.1	22.3	30.3	16.4	6.3	100.0
1952	15.5	12.5	23.0	29.7	13.9	5.4	100.0
1953	14.5	13.2	25.0	27.7	13.6	6.0	100.0
1954	15.4	14.1	25.5	26.1	12.8	6.1	100.0
1955	13.4	14.8	24.6	26.4	14.3	6.5	100.0

Two Percent Fewer Spring
Farrowings Planned by
Farmers

In early December hog producers reported their intentions for 2 percent fewer farrowings of spring pigs this year. If litters are of average size the crop also would be down 2 percent (table 5).

Intended reductions are greatest in the Western Corn Belt and Central Plains. The South plans an increase, as do several Eastern Corn Belt States and scattered States of the East and West. The regional pattern of spring farrowings conforms to the changes in corn harvest. Drought reduced the corn crop in the Western Corn Belt. The South, on the other hand, had a big corn crop after a low yield in 1954.

In 1955, spring farrowings were exceptionally early. This spring, according to quarterly pig crop reports from 9 States, they will be equally early or even a little earlier. Producers in those States have intended to increase December-February farrowings 1 percent but to reduce March-May farrowings 5 percent.

The planned reduction in total spring farrowings, if realized, would be the first since the spring of 1954, when hog production started a fast 2-year upswing. The annual pig crop jumped from 78 million pigs in 1953 to 95 million in 1955. (Data on numbers of sows farrowing and pigs saved, presented in table 5, are revisions made on the basis of data reported from the 1955 Census of Agriculture.)

Fewer spring farrowings are the joint result of discouragingly low prices of hogs in past months and of increased sealing of corn. More corn was eligible for price support in 1955 than in 1954, and movement under loan early in the season exceeded the previous year. This provided an alternative outlet for corn from the 1955 crop, which was 6 percent larger than the 1954 crop.

Hog Prices Expected to
Average Higher in Fall
of 1956

Reduced production and smaller slaughter should prevent as severe declines in prices of hogs next fall as in the fall of 1955. Prices in the second half of 1956 may be expected to equal or exceed those of the same period of 1955. It seems almost certain that they will not drop as low as late November-December 1955 prices.

While prospects point to firmer prices of both hogs and fed cattle in the fall of 1956 than of 1955, no sustained uptrend in meat animal prices is anticipated. Rather, current ups and downs are essentially fluctuations about a lower level than prevailed for several years after the close of World War II. While subject to the effects of weather conditions, variations in demand, and any changes in farm programs, production of meat animals for the next few years seems likely to continue at high volume, and the supply of meat to consumers to remain abundant.

Table 5.- Number of sows farrowing, pigs saved and pigs saved per litter, spring and fall pig crops, United States, by regions, 1950 to date

SPRING PIG CROP							
Year	North	North Central		South	South	Western	United
	Atlantic	East	West	Atlantic	Central		States
	1,000 head	1,000 head	1,000 head	1,000 head	1,000 head	1,000 head	1,000 head
Sows farrowing:							
1950	150	2,554	4,568	631	1,048	228	9,179
1951	159	2,558	4,827	673	1,019	248	9,484
1952	162	2,342	4,014	700	881	212	8,311
1953	137	2,070	3,554	570	571	143	7,045
1954	130	2,220	3,915	582	665	157	7,669
1955 1/	139	2,386	4,214	618	780	172	8,309
1956 2/	142	2,384	3,919	635	868	168	8,116
Figs saved:							
1950	943	16,177	28,905	3,971	6,534	1,428	57,958
1951	1,038	16,798	31,279	4,211	6,386	1,586	61,298
1952	1,102	15,745	26,812	4,463	5,694	1,319	55,135
1953	941	14,271	24,322	3,730	5,737	939	47,940
1954	863	15,479	27,127	3,895	4,454	1,034	52,852
1955 1/	937	16,555	29,398	4,097	5,220	1,135	57,342
1956							2/56,000
Figs saved per litter:	Number	Number	Number	Number	Number	Number	Number
1950	6.29	6.33	6.33	6.29	6.23	6.26	6.31
1951	6.53	6.57	6.48	6.26	6.27	6.40	6.46
1952	6.80	6.72	6.68	6.38	6.46	6.22	6.63
1953	6.87	6.89	6.84	6.54	6.54	6.57	6.80
1954	6.62	6.97	6.93	6.70	6.70	6.59	6.89
1955 1/	6.68	6.94	6.98	6.63	6.69	6.63	6.90
1956							2/ 6.90
FALL PIG CROP							
Sows farrowing:	1,000 head	1,000 head	1,000 head	1,000 head	1,000 head	1,000 head	1,000 head
1950	123	1,970	2,183	561	924	166	5,927
1951	131	1,929	2,227	606	873	189	5,955
1952	123	1,677	1,939	533	654	141	5,067
1953	103	1,520	1,781	429	537	109	4,479
1954	111	1,696	1,975	481	626	125	5,014
1955 1/	119	1,857	2,230	498	730	135	5,569
Figs saved:							
1950	834	13,289	14,674	3,552	5,998	1,076	39,423
1951	901	12,929	14,624	3,943	5,667	1,224	39,288
1952	847	11,271	13,001	3,421	4,226	928	33,694
1953	701	10,259	11,893	2,855	3,543	723	29,974
1954	764	11,579	13,455	3,203	4,156	821	33,978
1955 1/	809	12,749	15,233	3,310	4,908	905	37,914
Figs saved per litter:	Number	Number	Number	Number	Number	Number	Number
1950	6.78	6.75	6.72	6.33	6.49	6.48	6.65
1951	6.88	6.70	6.57	6.51	6.49	6.48	6.60
1952	6.89	6.72	6.71	6.42	6.46	6.58	6.65
1953	6.81	6.75	6.68	6.66	6.60	6.63	6.69
1954	6.91	6.83	6.81	6.66	6.64	6.56	6.78
1955 1/	6.79	6.87	6.83	6.65	6.72	6.66	6.81

1/ Preliminary.

2/ Number indicated to farrow from intentions as of December 1, 1955. Average number of pigs per litter with allowance for trend used to calculate indicated number of pigs saved.

Lamb Prices Decline
in Late 1955;
Seasonal Rise Due

Prices of lambs held up fairly well during most of 1955 but slipped off late in the year. Their decline then was largely a response to big supplies of other meats. Output of lamb and mutton was no greater than a year before.

Lamb prices usually rise during the winter, the season when fed lambs are marketed. A gradual increase is in prospect for this winter also. Fewer fed lambs apparently will be available for slaughter this winter. However, gains in lamb prices will be restricted by the continuing large supplies of other meats.

Retail Prices of Meat
Below Last Year; But
Marketing Margins Wide

Prices of pork declined considerably in the fall of 1955 and prices of Choice beef more slowly. Prices of all pork cuts that are reported by the Bureau of Labor Statistics were considerably lower in November 1955 than a year before. The reduction was greatest for bacon, the average price of which was down 10.5 cents per pound or 15 percent. Pork chops declined 8 cents and ham 7 cents. Among beef cuts, round steak declined 4.3 cents per pound over the 12 months, rib roast 3.1 cents, chuck roast 4.4 cents, and hamburger 1.0 cents (table 6). The weighted average retail price of pork products was down 6.6 cents or 13 percent; that of Choice beef, 4.0 cents or 6 percent.

Adequate weekly data are not available to show to what extent pork prices at retail followed the downward course of hog prices in late November and early December. However, from monthly prices it appears that through most of 1955 the price declines at retail were less than those in hog prices. Marketing margins thereby were widened. The United States average farm-to-retail margin for pork in the first quarter of 1955 set a new record for that quarter. After decreasing in the second quarter, it widened further in July-September to almost 25 cents per retail pound, a new all-time high. From preliminary data it appears that the margin rose above 25 cents in October-December. In October-December 1954 it had been 23 cents.

Weekly data on prices of pork products at wholesale present evidence of wider margins from the live animal to the wholesale product level (which is only a part of the entire live-to-retail margin). The average margin at Chicago between 180-200 pound hogs and fresh pork products averaged \$1.62 per live hundredweight in 1954. In January-May 1955 it generally ranged between \$1.50 and \$1.75. In June it dropped below \$1.00. Thereafter it averaged about \$2.00 until November and December, when it widened to \$3.00 -- almost twice the 1954 average.

Table 6.- Retail prices of meat by cut, per pound, United States, by months 1954 to date

Year and month	Beef items				Veal cutlets	Pork items			Leg of lamb	Frank-furters
	Round steak	Rib roast	Chuck roast	Ham-burger		Pork chops	Sliced bacon	Whole hams		
	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	
1954										
Jan.	91.1	71.2	51.9	41.1	112.5	87.6	85.0	73.0	70.3	56.1
Feb.	88.9	70.1	52.3	41.0	113.9	84.8	88.2	72.3	70.5	56.1
Mar.	88.4	69.6	51.0	40.9	112.1	85.7	88.0	72.2	70.7	56.1
Apr.	88.3	69.1	51.2	40.7	110.9	88.5	88.4	72.8	74.1	56.0
May	89.9	70.0	51.7	40.9	110.9	90.3	89.5	73.9	74.4	55.9
June	91.0	70.1	51.8	41.1	110.5	92.7	86.7	72.9	73.6	56.1
July	91.4	70.0	50.3	41.0	108.2	92.0	81.6	71.5	72.9	56.0
Aug.	91.1	69.2	49.1	40.5	106.7	87.8	78.1	70.7	69.5	55.3
Sept.	91.9	70.2	50.6	40.3	107.5	87.2	76.5	68.0	69.6	55.1
Oct.	92.0	70.3	51.3	40.2	107.9	80.2	75.2	64.6	69.1	54.7
Nov.	92.4	71.8	53.0	40.0	108.4	81.2	71.4	63.7	69.9	54.4
Dec.	92.3	72.1	52.7	40.0	107.9	77.2	71.3	64.1	68.9	54.1
Year	90.7	70.3	51.4	40.6	109.8	86.3	81.7	70.0	71.1	55.5
1955										
Jan.	92.8	73.2	52.6	40.1	109.4	75.7	70.6	62.8	68.6	53.8
Feb.	92.1	72.4	52.6	39.7	113.0	75.7	69.0	61.3	68.6	53.4
Mar.	91.0	71.5	52.1	39.7	110.5	74.3	66.7	59.4	68.1	53.4
Apr.	90.8	71.6	51.6	39.9	110.1	77.8	65.9	58.9	68.7	53.3
May	89.2	70.7	49.8	39.6	109.6	82.9	65.5	60.4	67.4	53.0
June	90.1	70.8	49.8	39.4	109.5	89.8	65.7	61.9	69.5	52.8
July	89.9	70.4	49.1	39.4	109.4	87.1	67.4	63.0	68.8	52.9
Aug.	90.6	69.5	48.3	39.3	109.0	81.4	67.3	62.9	68.0	53.1
Sept.	91.5	69.9	49.2	39.3	110.5	85.3	67.2	62.6	68.4	53.3
Oct.	90.5	69.6	49.3	39.3	110.1	81.0	66.5	59.8	68.1	53.2
Nov.	88.1	68.7	48.6	39.0	109.0	73.2	60.9	56.9	67.2	52.9
Dec.										

Compiled from Retail Prices, Bureau of Labor Statistics.

Marketing margins for beef may have increased more during 1955 than those for pork. Farm-to-retail margins were fairly small in late 1954 and early 1955, a time of higher prices for Choice steers and heifers. As retail prices of beef declined less rapidly than cattle prices, the margin widened considerably to almost 26 cents per retail pound in July-September, second high for that quarter. In October-December it probably increased even more, almost to the record level of 28.7 cents in January-March 1953.

Data on marketing margins are essentially a means of comparing two different price trends, those of meat and byproducts with those of live animals. Prices at the two levels are not closely connected, since they are determined by independent procedures. Retail prices are arrived at by bargaining processes at the retail distribution level, live hog prices by bargaining at the producer level. But even though they are established separately, live animal and retail prices are related through the marketing mechanism. Data on marketing margins tell a lot about how that mechanism is working. Marketings of livestock are uncontrolled and variable. If varying supplies are to be absorbed without great instability of prices to producers, flexibility of prices at all levels is essential. It is necessary that prices at both wholesale and retail be quickly responsive to changes in supplies. Only in that way can those supplies at all times move smoothly and rapidly through distribution channels without creating price maladjustments and erratic trends at the producer level.

USDA Pork and Lard Purchases
Total 64 Million Pounds

Approximately 64 million pounds of pork products were contracted for during the first month and a half of the USDA pork purchase program. Purchases included 30.9 million pounds of lard and 32.7 million pounds of canned pork. The canned pork total was made up of 8.3 million pounds of luncheon meat, 6.8 million pounds of canned hams and 17.6 million pounds of pork and gravy. At an average price of $14\frac{1}{2}$ cents per pound for lard and 58 cents for canned pork, total purchases through December represented an expenditure of 23 million dollars.

Purchases are being made to help strengthen hog prices by encouraging additional domestic consumption of pork and lard. Products purchased are now moving into consumption channels through school lunch programs, eligible institutions and welfare agencies. Additional purchases of pork are planned but currently scheduled requirements for lard have been filled. Purchases are financed by Section 32 funds, which are an authorization derived from tariff duties on United States imports, designated to be available for purchase of farm products to remove market surpluses.

The USDA has purchased 6.7 million pounds of frozen hamburger for distribution to school lunches, and has offered to purchase 5 million pounds more. The hamburger is required to be from beef of U. S. Commercial or higher grade. It can be from steer, heifer or cow carcasses. Purchases are from funds provided in Section 6 of the National School Act, which is an allocation for limited procurement of food for school lunches. (Most school lunch food is obtained locally.)

In 1955 about 6 million pounds of U. S. Utility grade carcass beef was bought for export to Greece, and 19 million pounds for Spain, under programs of the International Cooperation Administration.

Change Proposed for
Federal Beef Grades

The Department of Agriculture announced November 9 that it is considering a recommendation of the Cattle and Beef Industry Committee to change the Federal grade standards for Commercial beef carcasses. It is proposed that the present Commercial grade be divided on the basis of maturity. Carcasses of younger animals would be renamed Standard. Those of older animals would continue to be Commercial. Such a division is designed to eliminate at least part of the present merchandising problem arising from the wide range in maturity of Commercial beef.

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Selected price statistics for meat animals

Item	Unit	1954		1955		
		Nov.	Dec.	Oct.	Nov.	Dec.
Cattle and calves						
Beef steers, slaughter	Dollars per					
Chicago, Prime	100 pounds	28.38	29.69	22.92	22.10	21.92
Choice	do.	25.85	26.53	22.01	20.83	20.35
Good	do.	22.59	22.94	20.55	18.77	17.59
Commercial	do.	18.57	18.13	17.53	16.47	14.69
Utility	do.	15.29	14.53	14.22	12.90	12.14
All grades	do.	26.11	26.21	21.95	20.84	20.30
Omaha, all grades	do.	24.23	24.21	20.99	19.58	18.87
Sioux City, all grades	do.	24.53	24.32	21.04	19.93	19.18
Cows, Chicago						
Commercial	do.	12.30	12.03	12.58	11.37	11.15
Utility	do.	10.18	10.06	11.01	10.01	10.13
Canner and Cutter	do.	8.15	8.52	9.61	8.55	8.94
Vealers, Choice and Prime, Chicago	do.	20.62	21.58	25.85	22.82	24.90
Stocker and feeder steers, Kansas City 1/	do.	19.63	19.23	18.02	16.92	15.89
Price received by farmers						
Beef cattle	do.	15.10	15.20	15.30	14.10	13.50
Calves	do.	15.30	15.70	16.80	15.70	15.90
Hogs						
Barrows and gilts						
Chicago						
160-180 pounds	do.	18.86	18.20	14.05	12.16	11.08
180-200 pounds	do.	19.29	18.58	14.58	12.70	11.69
200-220 pounds	do.	19.24	18.31	14.67	12.61	11.52
220-240 pounds	do.	19.05	18.01	14.66	12.40	11.17
240-270 pounds	do.	18.58	17.03	14.55	11.89	10.30
270-300 pounds	do.	18.24	16.47	14.42	11.67	9.83
All weights	do.	18.69	17.30	14.44	12.23	10.73
8 markets 2/	do.	18.59	17.33	14.40	12.12	
Sows, Chicago	do.	16.47	14.76	13.77	10.93	8.78
Price received by farmers	do.	18.50	17.00	14.50	12.20	10.60
Hog-corn price ratio 3/						
Chicago, barrows and gilts	do.	12.6	11.4	12.2	10.4	
Price received by farmers, all hogs	do.	13.5	12.2	12.7	11.2	9.2
Sheep and lambs						
Sheep						
Slaughter ewes, Good and Choice, Chicago	do.	5.96	5.87	4/4.81	5.88	6.08
Price received by farmers	do.	5.75	5.69	5.40	5.37	5.51
Lambs						
Slaughter, Choice and Prime, Chicago	do.	20.49	20.07	20.58	19.28	18.31
Feeding, Good and Choice, Omaha	do.	17.70	18.05	18.18	17.87	16.68
Price received by farmers	do.	17.70	17.50	17.40	17.20	16.50
All meat animals						
Index number price received by farmers (1910=100)		261	253	240	216	201
Meat						
Wholesale, Chicago						
Steer beef carcass, Choice, 500-600 pounds	100 pounds	43.15	44.00	37.86	36.54	35.01
Lamb carcass, Choice, 40-50 pounds	do.	42.66	41.34	41.92	39.85	36.74
Composite hog products:						
Including lard						
72.84 pounds fresh	Dollars	21.06	19.92	16.62	15.86	14.50
Average per 100 pounds	do.	28.91	27.35	22.82	21.77	19.91
71.19 pounds fresh and cured	do.	24.96	24.17	20.75	19.53	18.28
Average per 100 pounds	do.	35.06	33.95	29.15	27.43	25.68
Excluding lard						
56.19 pounds fresh and cured	do.	22.15	21.59	18.45	17.28	16.19
Average per 100 pounds	do.	39.42	38.42	32.84	30.75	28.81
Retail, United States average						
Beef, Choice grade	per pound	70.0	69.9	67.3	66.0	
Pork, excluding lard	do.	52.1	51.1	49.7	45.5	
Index number meat prices (BLS)						
Wholesale (1947-49=100)		85.9	84.9	79.4	74.5	
Retail (1947-49=100) 5/		105.3	104.3	101.4	97.1	

1/ Average all weights and grades.

2/ Chicago, St. Louis N. S. Y., Kansas City, Omaha, Sioux City, S. St. Joseph, E. St. Paul, and Indianapolis.

3/ Number bushels of corn equivalent in value to 100 pounds of live hogs.

4/ Shorn ewes.

5/ Includes beef and veal, pork, leg of lamb, and other meats. Excludes poultry and fish.

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

Item	Unit	1954		1955		
		Nov.	Dec.	Oct.	Nov.	Dec.
Meat animal marketings						
Index number (1935-39=100)		209	176	218	211	
Stocker and feeder shipments to						
9 Corn Belt States	1,000					
Cattle and calves	head	815	355	947	734	
Sheep and lambs	do.	344	185	513	247	
Slaughter under Federal inspection						
Number slaughtered						
Cattle	do.	1,602	1,583	1,693	1,662	
Steers	do.	684	741	799	729	
Heifers	do.	202	215	222	213	
Cows	do.	681	592	635	681	
Calves	do.	694	639	728	700	
Sheep and lambs	do.	1,160	1,167	1,248	1,162	
Hogs	do.	5,841	6,119	6,144	6,857	
Percentage sows	Percent	6	6	6	6	
Average live weight per head						
Cattle	Pounds	960	981	984	990	
Calves	do.	217	212	223	215	
Sheep and lambs	do.	95	98	94	96	
Hogs	do.	240	244	228	235	
Average production						
Beef, per head	do.	514	532	540	537	
Veal, per head	do.	118	116	124	118	
Lamb and mutton, per head	do.	45	47	44	46	
Pork, per head ^{1/}	do.	137	138	131	133	
Pork, per 100 pounds live weight ^{1/}	do.	57	56	58	56	
Lard, per head	do.	34	37	31	34	
Lard, per 100 pounds live weight	do.	14	15	14	15	
Total production	Million					
Beef	pounds	820	839	910	888	
Veal	do.	82	74	90	82	
Lamb and mutton	do.	52	55	55	53	
Pork ^{1/}	do.	799	844	806	908	
Lard	do.	199	226	190	235	
Total commercial slaughter ^{2/}						
Number slaughtered	1,000					
Cattle	head	2,154	2,110	2,279	2,220	
Calves	do.	1,147	1,068	1,161	1,109	
Sheep and lambs	do.	1,313	1,312	1,415	1,338	
Hogs	do.	6,969	7,408	7,213	8,108	
Total production	Million					
Beef	pounds	1,059	1,074	1,173	1,139	
Veal	do.	134	123	142	129	
Lamb and mutton	do.	59	61	62	61	
Pork ^{1/}	do.	947	1,012	946	1,074	
Lard	do.	227	258	214	265	
Cold storage stocks first of month						
Beef	do.	122	158	110	123	161
Veal	do.	15	19	11	14	17
Lamb and mutton	do.	8	9	9	10	10
Pork	do.	234	341	179	205	305
Total meat and meat products ^{3/}	do.	477	638	405	444	600

^{1/} Excludes lard.^{2/} Federally inspected, and other wholesale and retail.^{3/} Includes stocks of sausage and sausage room products, canned meats and canned meat products, and edible offals, in addition to the four meats listed.

