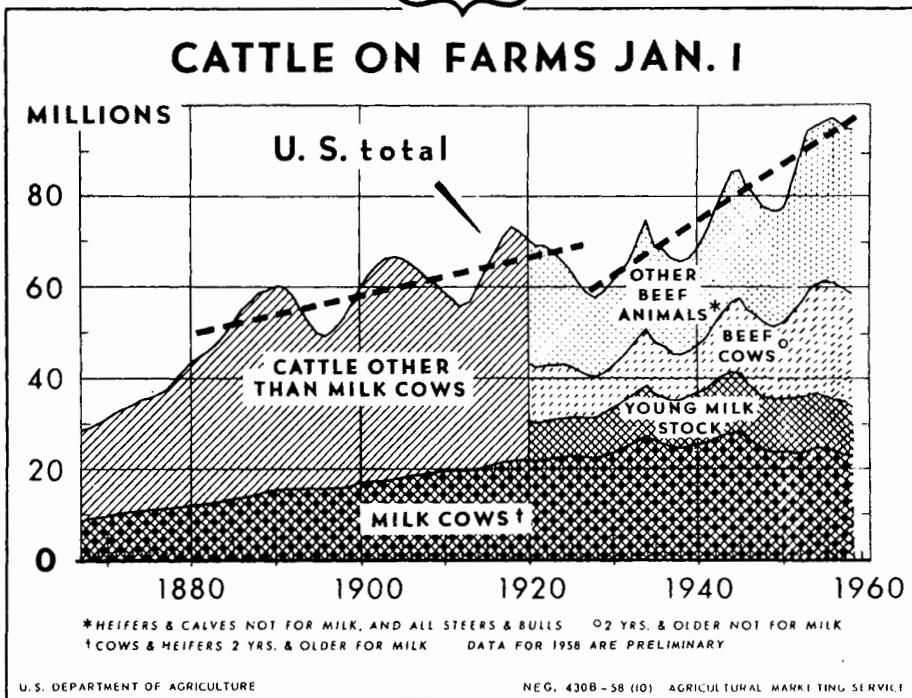


The

LIVESTOCK and MEAT RECEIVED SITUATION

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Agricultural Economics Extension

LMS-99



Cattle numbers on farms have fluctuated cyclically since about 1880. They have also trended upward. Until the late 1920's the upward growth was rather slow. Since then it has been faster.

The trend continues upward. The

cyclical downswing that began in 1956 lasted only two years. Numbers are now increasing. The inventory January 1, 1959 will be near the high mark of 1956. A further increase is expected the next few years.

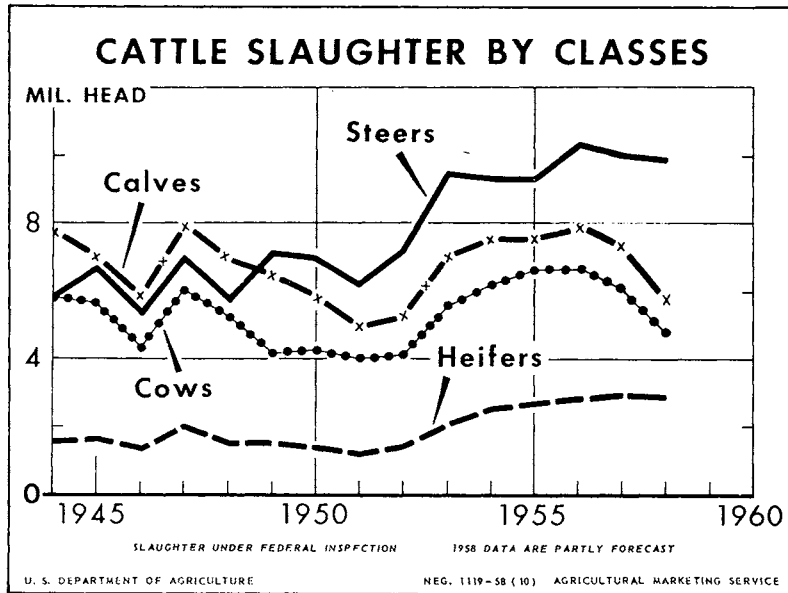


Figure 1.--In the last two years, slaughter of cows and of calves has been cut back sharply. Slaughter of steers and heifers has been reduced little. Supplies of higher grades of beef have remained fairly large, and the total beef supply has held up better than in most cycles.

Beef output may continue larger than usual for the present stage of the cattle cycle, as many of the calves held back will be fed to maturity and slaughtered in the next year or two. Steer slaughter for 1959 may equal or exceed 1958. Heifer slaughter, however, may be smaller.

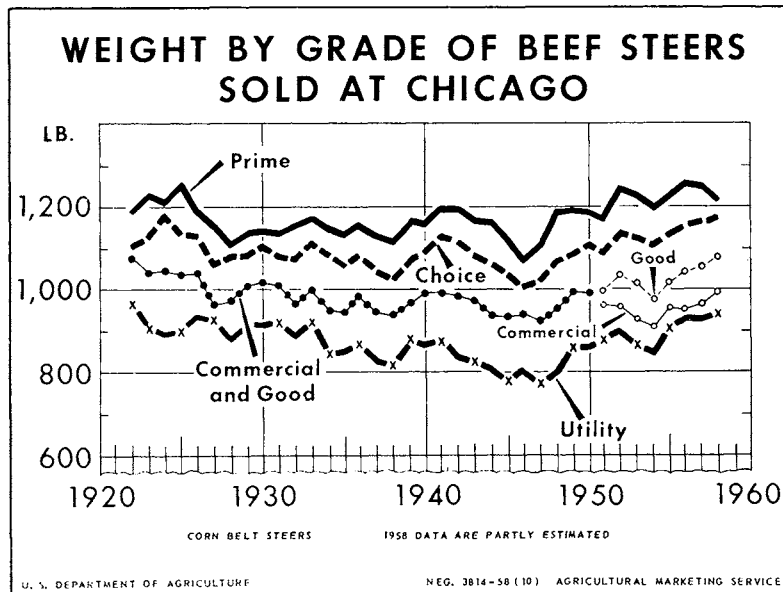


Figure 2.--Also helping maintain beef supplies in 1958 is the heavier weight to which cattle have been fed. Weights of fed steers have generally risen since the end of World War II, and since the middle of 1958 they have been especially heavy. Weights probably will continue heavy in 1959.

THE LIVESTOCK AND MEAT SITUATION

Approved by the Outlook and Situation Board, October 31, 1958

SUMMARY

For more than two years cattle and hog prices have trended upward together. In 1959 they will take separate courses. Prices of cattle will likely hold up well but prices of hogs will decline considerably.

Prices of sheep and lambs, which always are influenced by the general level of cattle prices, will probably remain fairly stable in 1959.

Production of cattle is now on an uptrend. The inventory of all cattle on farms January 1, 1959 will be at least 2 to 3 million head above January 1958. Half to two-thirds of the increase will be in calves. Not all of the additional calves will be slaughtered during 1959, as more than usual will be retained for breeding or later feeding. Since cow slaughter will likely remain rather small, it is expected that total cattle slaughter in 1959 will not increase greatly. Should this hold true, it will likely put a firm support under prices of cattle during the year. Danger of the usual severe cyclical break in prices is still some distance in the future.

Fed cattle will show less price strength than other classes. Cattle feeding remains at high volume, and cattle are being fed to near record weights. The supply of beef available for consumption in 1959 probably will remain close to the 80.5 pounds per person estimated for 1958. This would be only moderately less than the 85.4 pound record set in 1956 and far above the 56 pounds to which consumption fell in 1951.

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Table with 2 columns: Item and Page. Items include Summary, Review and Outlook, Beef cattle, Hogs, Sheep and lambs, Retail meat, List of Livestock Marketing Publications, and List of Tables and Charts.

Greatest price strength will be in feeder and breeding stock, just as it has been in 1958. Chief reason lies in the abundance of low-cost feed. The bumper 1958 feed harvest, second in consecutive years, has given another boost to demand for feeder stock, especially calves. Higher calf prices are in turn reflected in higher prices for cows. Both cow and calf prices are unusually high relative to slaughter steer prices. They probably will stay high.

Movement of cattle into feedlots was slow to get underway in late summer this year but proceeded fast beginning in early fall. The January 1, 1959 inventory of cattle on feed will almost certainly exceed last January and may set a new high. Prices of fed cattle may strengthen temporarily late in 1958 but a seasonal decline appears probable this winter, in contrast with the steady advance to a March peak that took place last winter. It will be touch-and-go as to whether feeders earn more than a normal or average profit in their feeding for late winter or spring sale. Prospects appear somewhat brighter for returns from sale later in the year.

Prices of hogs will be lower in 1959 because production is increasing. Farmers' intentions have pointed to at least a 14 percent larger 1958 fall pig crop. Producers in 9 States have planned for 20 percent more sows to farrow in December-February, which is the first half of the spring season. The extent of price reduction in 1959, and the seasonal pattern of prices, will depend to great extent on how much farrowings are increased in March-May, the second half of the spring season. If 20 percent more sows farrow then also, prices of hogs could drop to rather low levels in the fall of 1959. If the March-May increase should be smaller, the price impact would be less. Farrowings have been moved earlier in recent years, and if they should be still earlier in 1959 the seasonal distribution of farrowings and marketings would be much improved compared with three or four years ago. Prices would average substantially lower than in 1958, but severe declines during the fall would be unlikely.

Numbers of sheep and lambs on farms are being increased during 1958 by around $1\frac{1}{2}$ to 2 million head. An uptrend will likely continue in 1959. Prices may average almost as high in 1959 as in 1958. A downturn in prices of sheep and lambs may be expected to accompany a downturn in cattle prices in some future year.

Consumers will have more meat to eat in 1959 than in 1958 — perhaps about 4 pounds more per person. The 1959 consumption rate may be about 10 pounds less than the high mark in 1956. The increase over 1958 will be almost entirely of pork. Higher grade beef from fed cattle will remain fairly abundant, but the lower grades of beef will continue scarce and relatively higher in price. Beef prices on the whole are not expected to differ much from 1958, but pork prices will be lower.

REVIEW AND OUTLOOK

Livestock Slaughter, Meat Output
At 4-Year Low in 1958

Total slaughter of livestock and outturn of meat is about 4 percent smaller in 1958 than in 1957. The reduction is the second since an all-time high was reached in 1956. The 1958 total volume is the lowest since 1954 (table 2).

Smaller supplies are holding meat consumption in 1958 to 152 pounds per person, the lowest rate since 1952 and exactly equal to the postwar average.

Reduced meat supplies in 1958 resulted chiefly from cutbacks in livestock production that followed the drought and low prices of 1955-56. Moreover, during the year producers chose to retain more of their livestock for expansion of herds than in any year since 1951. This drew on supplies for slaughter. Inventory expansion is underway for all three species.

Meat supplies would have been down even more had not imports increased. The rise in imports of live animals and meat over 1957 added about 2½ percent to the 1958 meat supply.

Prices Up

Prices advanced in 1958 for all classes of livestock and for all red meats. Gains were largest for cows and feeder cattle. Prices of meat at retail were up 5 to 10 cents per pound (table 1).

Table 1.--Prices of selected classes of livestock and of meat, 1954-58

Year	Market price, per 100 pounds				Retail price, per pound			
	Choice slaughter steers, Chicago	Utility slaughter cows, Chicago	Good feeder steers, 500-800 lb., Kansas City	Barrows and gilts, 8 markets	Choice & Prime slaughter lambs, Chicago	Choice beef	Lamb and mutton	Pork
	Dol.	Dol.	Dol.	Dol.	Dol.	Ct.	Ct.	Ct.
1954	24.66	15.27	18.88	22.25	22.00	68.5	66.5	64.8
1955	23.16	14.79	19.27	15.19	21.35	67.5	64.4	54.8
1956	22.30	14.20	17.46	14.82	22.05	66.0	64.7	52.1
1957	23.83	16.53	20.60	18.29	23.19	70.6	68.5	60.2
1958 ^{1/}	27.70	18.43	26.33	21.00	^{2/} 23.52	81.0	74.6	65.6

^{1/} 10 month average for live animals, 9 month for meats. ^{2/} Choice grade.

Table 2.—Production and consumption per person of red meat and poultry, United States, 1950-58 and forecast for 1959

Production ^{1/}							
Year	Red meats					Poultry: ^{2/} meat	Red and poultry meat
	Beef	Veal	Lamb and mutton	Pork excluding lard	Total		
	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds
1950	9,534	1,230	597	10,714	22,075	3,789	25,864
1951	8,837	1,059	521	11,481	21,898	4,136	26,034
1952	9,650	1,169	648	11,527	22,994	4,238	27,232
1953	12,407	1,546	729	10,006	24,688	4,325	29,013
1954	12,963	1,647	734	9,870	25,214	4,613	29,827
1955	13,569	1,578	758	10,991	26,896	4,400	31,296
1956	14,462	1,632	741	11,218	28,053	5,197	33,250
1957	14,211	1,528	707	10,482	26,928	5,458	32,386
1958	13,400	1,215	685	10,500	25,800	6,000	31,800
1959 forecast:	13,600	1,225	725	11,750	27,300	6,100	33,400

Consumption per person							
	Pounds	Pounds	Pounds	Pounds	Pounds	Pounds	Pounds
1950	63.4	8.0	4.0	69.2	144.6	24.7	169.3
1951	56.1	6.6	3.4	71.9	138.0	26.1	164.1
1952	62.2	7.2	4.2	72.4	146.0	26.8	172.8
1953	77.6	9.5	4.7	63.5	155.3	26.7	182.0
1954	80.1	10.0	4.6	60.0	154.7	28.1	182.8
1955	82.0	9.4	4.6	66.8	162.8	26.4	189.2
1956	85.4	9.5	4.4	67.4	166.7	29.8	196.5
1957	84.5	8.8	4.2	61.5	159.0	31.5	190.5
1958	80.5	6.8	4.1	60.5	152	34.1	189.6
1959 forecast:	79	6.8	4.2	66	156	34	190

^{1/} Production of red meats is carcass weight equivalent of production from total United States slaughter.

^{2/} Chicken, including commercial broilers, and turkey, ready-to-cook (eviscerated) basis.

^{3/} Partly forecast.

Higher prices always are an incentive to greater production. The higher prices for livestock received in 1958 had an especially great impact because they were accompanied by an excellent feed year. Both range and feed crops were bountiful in 1958. It was the second bumper crop year in a row. The corn crop set a new high and the 154 million tons of feed grains harvested were 18 percent above 1956 (table 3).

Table 3.--Production of feed grains and hay, 1954-58

Year	Feed grains					Hay
	Corn	Oats	Barley	Grain sorghums	Total	
	1,000 bu.	1,000 bu.	1,000 bu.	1,000 bu.	Mil. tons	1,000 tons
1954	3,058	1,410	379	235	124	108
1955	3,230	1,503	401	243	131	113
1956	3,455	1,163	377	206	130	109
1957	3,403	1,308	436	562	142	121
1958 ^{1/}	3,686	1,419	466	607	154	120

^{1/} October 1 indication. The November 1 revision will be released November 10.

As livestock prices were up and feed prices down, livestock-feed price ratios climbed higher. The hog-corn ratio set an all-time record of 20.6 in February, and for January-October averaged 18.7. The beef steer-corn ratio rose to near a record high in March, and the lamb-corn ratio also was exceptionally high (table 4).

Corn Support Prices to Decline

Not only are feed crops large and their prices down, but feed prices are almost certain to remain relatively low. Support prices for feed grains are generally lower than in 1957. The support price for corn to producers in the commercial area who complied with allotments is \$1.36 compared with \$1.40 in 1957. Non-complying producers in the commercial area may receive \$1.06, 4 cents less than the \$1.10 in 1957. Other supports are likewise down, except for the unchanged support for oats, as shown in table 5.

Table 4.—Livestock-feed price ratios, October 1958 compared with October of earlier years

Period	October ratio		
	Hog-corn, basis prices received by farmers	Beef steer-corn, basis Chicago market <u>1/</u>	Lamb-corn, basis prices received by farmers
Average, 1947-56	13.9	19.3	15.1
By years:			
1952	12.1	20.2	14.4
1953	15.9	17.4	12.4
1954	12.7	16.5	12.1
1955	12.7	18.5	15.4
1956	13.0	20.1	15.0
1957	16.0	20.6	18.3
1958	17.8	23.2	20.0

1/ Bushels of No. 3 yellow corn equivalent in value to 100 pounds of beef steers sold out of first hands (all grades).

Table 5.—National average support prices on feed grains, 1957 compared with 1956 1/

Crop of	Corn, per bushel			Oats, per bushel	Barley, per bushel	Grain sorghums, per cwt.
	To com-pliers	To non-compliers	Outside commercial area			
	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars
1956	1.50	1.25	<u>2/</u> 1.24	0.65	1.02	1.97
1957	1.40	1.10	<u>3/</u> 1.27	.61	.95	1.86
1958	1.36	1.06	<u>2/</u> 1.02	.61	.93	1.83

1/ Support prices will vary by counties from these national averages.

2/ Support price at 82½ percent for 1956 and 75 percent for 1958 of the national average rate to compliers in the commercial area.

3/ Support price at a national average approximating 70 percent of parity as required when support is made available to non-compliers in the commercial area.

Furthermore, relatively low supports are likely to continue. If corn producers vote to continue the present corn support program, minimum support for next year's crop will be less than in 1958 because the parity price will decline under the provisions for transition to modernized parity. If producers elect the new, no-allotment program, supports will be about \$1.12 to \$1.15, which is less than complying producers will receive for 1958-crop corn but more than the loan rate to all others. Under either program the support price for corn would probably be somewhat less in later years. These prospects bear especially on the longer-run outlook for livestock.

Feed Prices Big Factor
in Beef Cattle Outlook

Abundance of feed, both range and grain, is having such a strong impact on the beef cattle enterprise as to constitute the biggest factor in the beef cattle outlook for 1959 and beyond.

Most of all, the abundance of cheap feed is creating a changed set of relationships within the cattle enterprise. It is giving a tremendous boost to the feeding side. It is lifting feeder cattle and calf prices to an unusually high relationship to prices of fed cattle. It is contributing to a strong competitive feeder demand for heifers and heifer calves, which is preventing as large a number from going into the cow herd as would be placed under ordinary circumstances.

Comparisons with 1949 help to make this clear. The two years, 1958 and 1949, are the first years of cyclical expansion in cattle numbers, and therefore are directly comparable. Table 6 gives data for October 1958 and October 1949.

Prices of all feedstuffs were lower this October than 9 years earlier, despite a 21 percent higher general price level. Reductions ranged from 5 percent for corn to 21 percent for alfalfa hay.

Under pressure of strong demand for fed beef and the abundant supply of feed at low prices, cattle feeding has been at extremely high volume. About 10 3/4 million cattle will have been fed and marketed during 1958. This is a new high, about 2 percent more than in 1957 and nearly 40 percent above 1949. Moreover, fed cattle have been carried to very heavy weights. From July through October fed steers at Chicago averaged 22 pounds above a year before. The 1958 average will probably equal or exceed last year for all grades except Prime. These increases follow a decade of rising weights, and averages for steers at Chicago are now near their high of the early 1920's. (See figure 2, inside cover.)

Table 6.—Prices of cattle and of feedstuffs,
October 1958 compared with October 1949

Item	October 1958	October 1949	Percent- age change
	<u>Dollars</u>	<u>Dollars</u>	<u>Percent</u>
Slaughter cattle prices, Chicago, per 100 lb.			
Choice steers	26.67	29.63	-10.0
Utility cows	18.66	15.15	23.2
Feeder cattle prices, Kansas City, per 100 lb.			
Good steers, 500-800 lb.	26.77	21.25	26.0
Good and Choice calves			
Steer	33.49	24.50	36.7
Heifer	30.01	23.25	29.1
Feedstuffs, U. S. prices received by farmers			
Corn, per bu.	1.04	1.09	-4.6
Oats, per bu.	.562	.623	-9.8
Barley, per bu.	.865	1.07	-19.2
Grain sorghums, per 100 lb.	1.57	1.72	-8.7
Soybean meal, per 100 lb. ^{1/}	4.26	4.69	-9.2
Alfalfa hay, per ton	18.40	23.20	-20.7

^{1/} Price paid by farmers

1958 Beef Output
Far Above 1949

Largely because of the heavy tonnage of fed beef produced, the estimated beef output of 13.4 billion pounds in 1958 is 42 percent above the 9.4 billion pounds produced in 1949. Even though the population is larger, consumption per person may average 80.5 pounds in 1958, up considerably from the 64 pounds in 1949. This high level of current beef production distinguishes the present cycle from the last.

Feeder PricesUp Most

During 1957 and 1958 the advance in cattle prices has been less for finished slaughter cattle than for feeder cattle and calves and for cows. Prices of Choice slaughter steers at Chicago in October 1958 were \$7.79 per 100 pounds or 41 percent above their low in February 1956, but Utility slaughter cows were up 86 percent from their low point and Good feeder steers (Kansas City) had gained 60 percent. (See chart below.) From July 1958 through at least October, Good feeders sold for more than Choice slaughter steers, only the second time on record this has happened.

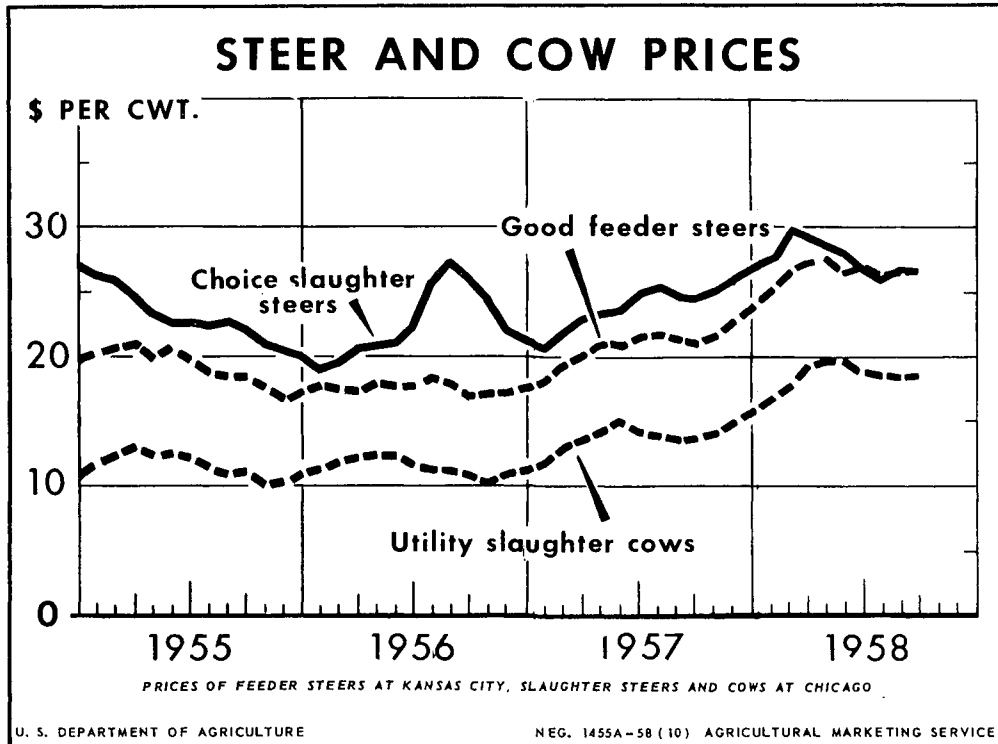


Figure 3.—Prices of all classes of cattle have risen since 1956. Biggest gains have been in prices of cows and of feeder cattle, least in high grade fed cattle. This difference is normal for the present stage of the cattle cycle. However, abundant feed and a great volume of cattle feeding have accentuated the difference. In the summer of 1958, Good feeder steers at Kansas City sold for more (per cwt.) than Choice fed steers at Chicago. Only once before (in 1933) in records going back to 1921 was this true.

Differences are even sharper in comparison with 1949. Reflecting the high volume of cattle feeding that has resulted from abundant and cheap feed, prices of fed cattle in the fall of 1958 were lower than in the fall of 1949. In October 1958, Choice steers at Chicago were 10 percent lower than in October 1949 (table 6). Prices of Utility cows, on the other hand, were 23 percent higher than nine years earlier. Prices of Good feeder steers were up 26 percent and of Good and Choice feeder steer calves, 37 percent. Steer calf prices were \$5.13 below fed steer prices in October 1949. In October 1958 they were \$6.82 above.

Feeder, Breeder Demand Cuts Calf Slaughter

Demand for feeder calves has been exceedingly strong because calves can take more advantage of the abundant feed supply than can older feeders. Farmers with barns full of feed have bid almost frantically for stock to utilize the feed, and the lighter animals are preferred.

Whenever prices of cattle rise there is renewed interest in expanding breeding herds also. This is always done in two ways: by saving more heifer calves for replacement purposes; and by keeping older cows for a year or two longer than planned -- the "one-more calf" decision.

Both courses have been followed in 1958. Demand for heifer calves for breeding has competed with demand for the same calves for feeding. As a result, slaughter of calves has been cut back sharply. From January through September 1958 it averaged about 22 percent below a year earlier (table 7). The 1958 total will be about 19 percent below 1957 and 23 percent below 1956.

Cow Slaughter Down Sharply, Heifer Little

Slaughter of cows also was reduced sharply in 1958. It fell farther below 1957 in successive months until July and August, when inspected cow slaughter averaged 200,000 head below 1957 (table 7). The 1958 total slaughter of cows under Federal inspection may be about 20 percent less than 1957.

Heifer slaughter, on the other hand, has remained large in 1958. It will average only about 2 percent below 1957.

Slaughter of heifers has grown at a rapid rate in recent years. The 1958 total will be twice that of 1952. More and more heifers have gone into feedlots each year, adding a great deal to the volume of cattle feeding. The large number of heifers fed in 1958 helped to hold up the year's beef supply but it also prevented as much increase in the size of the cow herd as might otherwise have been expected.

Table 7.—Number of cattle and calves slaughtered under Federal inspection, by class, United States, by months, 1958 compared with 1957

Month	Steers		Heifers		Cows		Calves	
	1958	1957	1958	1957	1958	1957	1958	1957
	1,000 head	1,000 head	1,000 head	1,000 head	1,000 head	1,000 head	1,000 head	1,000 head
Jan.	877	944	249	296	477	579	547	657
Feb.	678	765	245	266	365	433	468	550
Mar.	706	822	258	236	373	428	518	632
Apr.	780	836	225	232	353	403	485	613
May	831	939	236	240	374	450	438	580
June	857	800	241	215	382	482	430	535
July	921	878	245	260	367	572	435	596
Aug.	855	872	253	257	346	556	424	615
Sept.	870	807	267	262	398	522	472	638
Oct.		868		285		609		742
Nov.		715		221		552		598
Dec.		772		209		466		569
Year 1/	10,018		2,980		6,051		7,324	

1/ Computed from unrounded numbers.

Numbers of Cows, Calves, All Cattle
To Be Higher January 1, 1959

Total cattle and calf slaughter in 1958 will be about 34.7 million head. This is 4.7 million less than the 39.5 million slaughtered in 1957 (table 8). The 1958 calf crop is expected to total only slightly below the 1957 crop, according to the advance estimate made in July. Hence, the small decrease in numbers on farms during 1957 has shifted to an increase during 1958. The inventory of cattle and calves on farms January 1, 1959 may be at least 2 to 3 million greater than on the same date in 1958.

Make-up of 1958 slaughter indicates that much of the increase will be in calves from the 1958 calf crop. Half or two-thirds of the total gain may be in this class. Cow numbers probably will rise by 1/2 to 1 million. Small gains are likely for steers and beef heifers. Milk cattle numbers may decline a little.

Table 8.—Number of cattle and calves on farms January 1, calf crop, number slaughtered and imports, United States, 1951 to date

Year	Number on farms			Imports	Number slaughtered		
	January 1				Cattle	Calves	Total
	All cattle and calves	Cows	Calf crop				
	1,000 head	1,000 head	1,000 head	1,000 head	1,000 head	1,000 head	1,000 head
1951	82,083	42,094	35,825	239	17,084	8,902	25,986
1952	88,072	43,923	38,273	140	18,625	9,388	28,013
1953	94,241	46,840	41,261	198	24,465	12,200	36,665
1954	95,679	48,946	42,601	86	25,889	13,270	39,159
1955	96,592	49,121	42,566	314	26,587	12,864	39,451
1956	96,804	48,729	42,010	159	27,754	12,997	40,751
1957	94,502	47,670	41,007	728	27,089	12,362	39,451
1958 ^{1/}	93,967	46,784	40,872	2/	^{3/} 24,750	^{3/} 9,975	^{3/} 34,725

^{1/} Preliminary. ^{2/} Likely to exceed 1 million. See table 10.
^{3/} Partly forecast.

1959 Slaughter Likely
To Increase Slightly

In every cattle cycle of the past, when withholding of cattle began it lasted for several years. There is a strong probability that this will prove true again. Cattle herds probably will be expanded further during 1959, at the expense of slaughter.

This is likely even though more young stock will be on hand. It is likely that a sizable fraction of the beef heifer calves on hand January 1, 1959 will be retained for breeding. This will subtract from current slaughter of heifers, which will likely be less than in 1958.

More steer calves will be available in 1959. In most previous cycles, however, the rate of raising and feeding steers for slaughter has slowed a great deal in the initial stages of the cattle numbers cycle. A build-up in steers on farms usually resulted. From 1928 to 1931, for instance, the January inventory of steers increased 341,000 head or 6 percent, and from 1949 to 1953 the steer inventory rose 1,877,000 head or 26 percent. After January 1, 1938, however, steer numbers decreased somewhat before increasing. After 1928 and 1938, steer slaughter increased gradually, but after 1949 it decreased two years before turning upward.

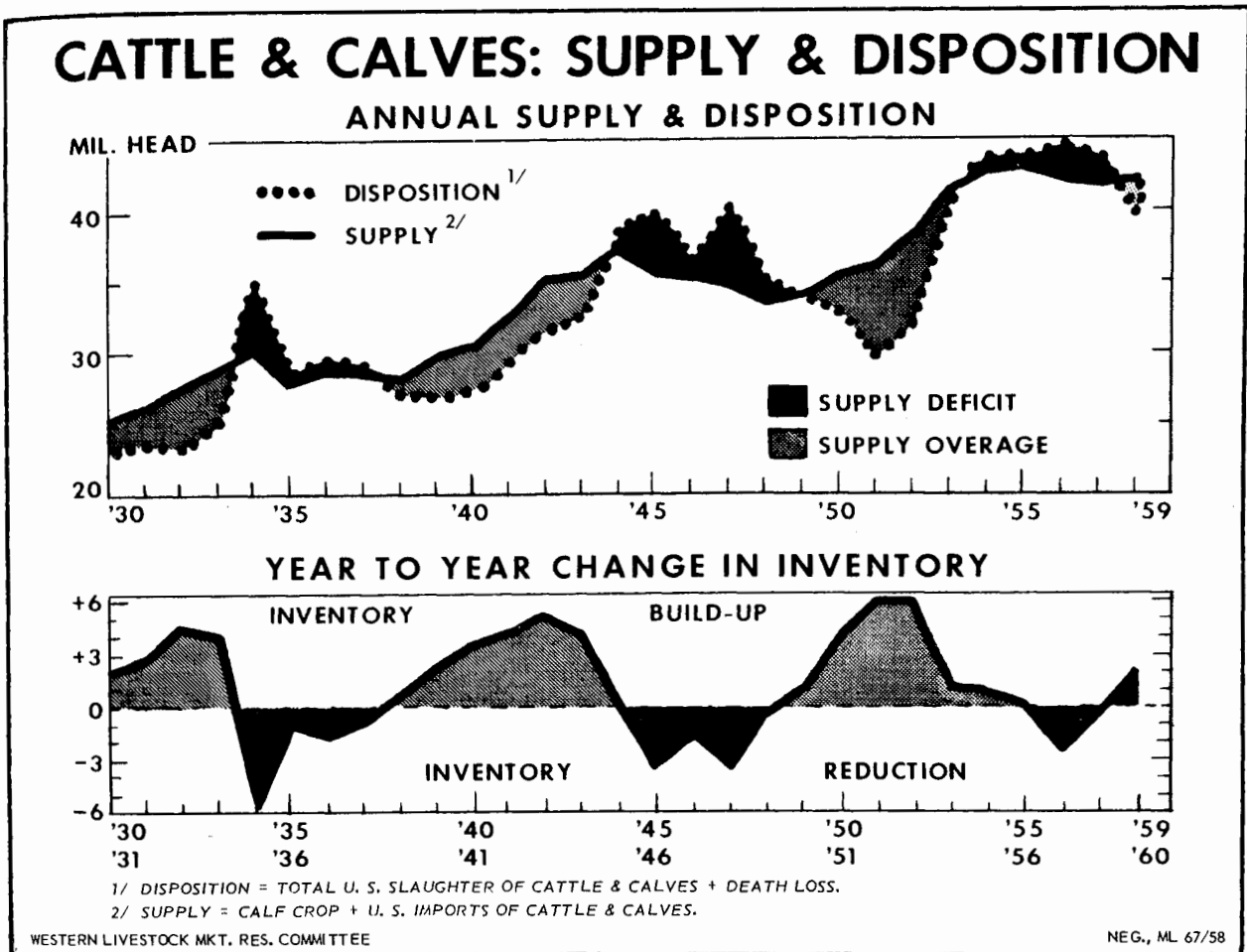


Figure 4.—Cattle numbers on farms increase whenever current supply (production plus imports) exceeds disposition (slaughter plus death loss). They decrease when the opposite is true. In 1958, slaughter of cattle and calves was reduced about 12 percent. Total disposition is below supply, and numbers are entering a new inventory build-up.

Already in 1958 the rate of feeding and marketing steers has become slower, and the steer inventory seems to be increasing. In 1959 this will probably continue. Yet it must be recognized that the practice of turning over steers in feedlots rather rapidly has become well established in recent years. Consequently, the holding action in 1959 will not be extreme. Steer slaughter for the year will probably be moderately greater than in 1958.

During 1958, withholding of cows has proceeded at a stepped-up tempo. At present prices, and under the good feed conditions now existing, cows will likely again be retained in 1959. Cow slaughter for the year appears unlikely to increase very much, and it might decline.

More steers but fewer heifers slaughtered, and possibly fewer cows also, add to a small gain in total cattle slaughter in 1959. This is the most likely prospect.

Prices Likely to Average
About Same as in 1958

Prices of cattle in 1959 may average about the same as in 1958, and the pattern of prices may be similar. Heavy volume of cattle feeding and the much larger beef supply per person than in previous cycles may prevent prices of fed cattle from rising as much as in some cycles of the past. Strong demand for young cattle both for feeding and for herd expansion may keep prices of feeding and breeding cattle unusually high relative to slaughter cattle.

Prices of feeder cattle appear to be about as high this fall as they are likely to go this winter. A steady winter rise as occurred last year is extremely unlikely. Chief reason is that most or all the advantage of cheap feed has already been bid into the price of feeders. Late-October prices for feeder steers and steer calves at Kansas City would require a selling price for Choice slaughter steers at Chicago of \$28.00 or \$29.00 per 100 pounds next spring to earn average profits. October feeder prices this high scarcely allowed room for much increase. At paying prices higher than in October it would be highly questionable whether satisfactory profits could be earned.

So long as cattle producers choose to retain as many cows as they can, prices of cows also will remain rather high relative to prices of slaughter steers.

Slaughter Steer Prices
May Peak Out Early

Last winter, prices of slaughter steers advanced to a peak in late March, then declined.

As of November 1, steer prices had advanced moderately since mid-August. Sizable marketings of long-fed cattle prevented a greater increase. On October 1 the supply of long-feds remained fairly large. The number of cattle weighing 900 pounds or more was up 24 percent from the small number a year before, and 16 percent from two years earlier. Most of these heavier cattle were due for October and November marketing.

The number on feed that were lighter than 900 pounds was 3 percent above October 1957 but 12 percent below October 1956.

More cattle may have gone on feed in October this year than last. Shipments of feeder steers from 10 markets for the month were about the same as a year before, but feeder calf shipments were 28 percent larger. Moreover, the steers were heavier. The number weighing 900 pounds or more was up 9 percent, while the number less than 900 pounds was down 2 percent.

Cattle fed in the new feeding season will come to market earlier than last year. Prices of fed cattle may rise to a peak late this year or early in 1959 after the bulk of long-feds has been worked off, but a decline may set in soon afterward. The high point in price this year likely will be reached earlier than last, when it was in late March.

Since total beef output per person may not be much different in 1959 from 1958, prices of fed cattle in both years may average about the same. Greatest price strength in 1959, however, may appear later in the year.

Profits in Feeding Near
Record High in 1957-58

Net returns in six standard Corn Belt feeding programs ranged from \$39.00 to \$111.00 per head last season. These were the highest returns for several years, and were much above average (table 9).

Highest profits were in short-feeding of heavy steers for March-May sale. A heavy-steer program is always highly speculative. When sales are made at near peak prices, profits can be high indeed. This was true last spring. Later in 1958, when spring-purchased cattle were sold on the lower-priced late-summer market, profits in short feeding were much smaller.

Noteworthy in profit patterns last year was the favorable showing for feeding of Good yearling steers for April-June sale. This program returned \$70.00 profit per head. In many years recently this, the most traditional of all Corn Belt programs, has been one of the less profitable. Last season saw it regain status, temporarily at least.

Long-feeding of steer calves, on the other hand, was one of the least profitable last year. In most years since World War II it has been among the best. The decline in slaughter prices last summer cut into long-feeding profits.

Record-Large Imports of Cattle,
Beef in 1958; Imports to be
Nearly As Large in 1959

Imports of cattle into the United States in 1958 will total more than a million head. This will exceed the previous record of 764,000 in 1939.

From January to September, 406,000 cattle were imported from Canada and 328,000 from Mexico. Last year's totals, according to inspection data, were 393,000 from Canada and 343,000 from Mexico (table 10). (Official Census data differ only slightly from these records based on inspection by USDA.)

Imports of beef and veal averaged about three times last year's rate for January-September. Pork imports were up 30 percent.

Table 9.--Specified costs and net returns in 6 selected Corn Belt cattle feeding programs, 1956-57 and 1957-58 ^{1/}

Feeding program	1956-57				1957-58			
	Price per 100 pounds			Net return per head 2/	Price per 100 pounds			Net return per head 2/
	Paid for feeder	Received for fed cattle	Margin		Paid for feeder	Received for fed cattle	Margin	
	Dol.	Dol.	Dol.	Dol.	Dol.	Dol.	Dol.	Dol.
<u>Calves</u>								
Heifer calves, short fed--								
Bought as Good and Choice, Sept.-Oct.	16.98	23.60	6.62	40.07	21.40	27.10	5.70	60.84
Sold as Choice, June-July								
Steer calves, long fed--								
Bought as Good and Choice, Sept.-Nov.	19.67	25.09	5.42	53.10	25.45	26.49	1.04	49.70
Sold as Choice, Aug.-Oct.								
<u>Yearlings</u>								
Medium yearling steers, short fed--								
Bought as Medium, Sept.-Oct.	14.39	18.59	4.20	7.78	18.14	24.47	6.33	39.20
Sold as Good-Standard, Jan.-Feb.								
Good yearling steers, short fed--								
Bought as Good, Sept.-Nov.	17.26	23.26	6.00	31.64	21.31	28.76	7.45	69.71
Sold as Choice, Apr.-June								
Yearling steers, long fed--								
Bought as Good and Choice, Sept.-Nov.	18.64	27.24	8.60	69.73	22.37	27.95	5.58	62.42
Sold as Prime, July-Sept.								
<u>Heavy steers</u>								
Heavy steers, short fed--								
Bought as Good, Sept.-Nov.	17.35	23.92	6.57	37.48	20.12	31.50	11.38	111.35
Sold as Choice and Prime, March-May								

^{1/} Feeding programs designed to be fairly representative of average feeding programs in the Corn Belt. Feeders are purchased in Kansas City and sold at Chicago.

^{2/} Net return over cost of corn, hay, protein supplement, pasture, transportation and marketing expenses. Does not include labor, overhead, cost of other feeds and death loss, or credit for manure and for hogs following feeders.

Table 10.—Inspected imports of cattle, beef and pork,
by months, 1958 compared with 1957 ^{1/}

Month	Cattle				Beef and veal		Pork	
	From Canada		From Mexico					
	1958	1957	1958	1957	1958	1957	1958	1957
	No.	No.	No.	No.	1,000 lb.	1,000 lb.	1,000 lb.	1,000 lb.
Jan.	58,331	1,901	54,810	19,111	38,886	11,697	15,142	17,864
Feb.	35,534	2,771	52,018	20,182	27,251	11,493	13,818	9,779
Mar.	59,800	3,927	39,712	31,357	32,596	13,921	14,792	9,141
Apr.	28,125	6,896	59,708	35,113	44,354	15,196	14,215	16,630
May	20,848	11,062	53,171	35,256	47,395	22,111	13,771	11,832
June	30,018	9,334	22,694	14,255	46,840	11,627	14,557	9,918
July	46,911	16,476	16,909	9,629	53,828	11,869	15,606	11,633
Aug.	41,469	29,904	12,477	9,403	64,489	21,537	15,714	8,599
Sept.	84,579	39,992	16,149	15,010	61,830	22,847	15,922	7,692
Oct.		86,711		26,079		33,721		11,033
Nov.		120,139		55,218		21,580		13,696
Dec.		63,803		72,742		43,094		10,786
Year		392,916		343,355		240,693		138,603

^{1/} Inspected when offered for importation.

Compiled from reports of the Animal Inspection and Quarantine Division and the Meat Inspection Division of Agricultural Research Service as published in Market News.

The volume of cattle and beef imports in any year is largely a reflection of the cattle cycle. When slaughter is down in the United States and prices up, imports increase. When slaughter rises later, imports decline. Increased imports in 1958 have been in accord with this pattern. Unfavorable weather in parts of Western Canada also contributed to larger movement of cattle to the United States in 1958.

In 1958, combined imports of cattle and beef are equivalent to 8 percent of United States production. This exceeds the previous record 6 percent set in 1951.

Canada's outshipments of cattle reduced that country's inventories of steer and heifers early in 1958. The number of those classes on farms on June 1 was down from 1957. But the number of cows and of calves was maintained. It therefore seems likely that sizable supplies of feeder cattle from Canada will again be available in 1959. Although the 1958 volume of imports will hardly be repeated in 1959, the number of cattle brought in will be substantial.

Longer Outlook:

Cattle Numbers to Continue Upward

The number of cattle on U. S. farms on January 1, 1959 will be near the high mark set in 1956, and could equal or exceed it. Thereafter, new highs will be attained. The cattle inventory will likely hit 100 million by 1960, or 1961 at the latest.

According to past experience, the longer prospect would be for the cattle industry to go through its usual sequence, which would start with a heyday of high prices and over-expansion and would be followed by the inevitable price collapse and distress.

Yet this past cyclical pattern may not be so foreordained. Prices of cattle that were received in 1958 and that are likely in 1959 doubtless exceed the longer run prospect. A reduction is almost certain to occur at some time in the future. On the other hand, the expansion now underway has not yet attained a dangerous speed. If the total cow herd is up less than a million head on January 1, 1959, the growth will be no more than that of the consuming population. There is at least a possibility that the rate of growth in this cycle will not be excessive, and that the later price decline will not be extreme.

Cattle feeding lies at the heart of this hopeful possibility.

The great gains in efficiency in the cattle industry in the last 10 or 15 years have been largely in the feeding side. These alone have provided an advantage to feeding compared with the breeding side. Abundance of feed during the last few years gave a special boost to feeding. As a result, feeding gained a strong competitive position in the cattle industry. Shifts from

breeding to feeding enterprises were influential in choking off the last cyclical expansion in cattle breeding herds after about 1953. The new cyclical upturn is occurring more in young stock than in breeding herds, and strong demand for cattle for feeding has helped to bring it about.

The influence of cattle feeding shows up in the strong competitive demand it creates for heifer calves for feeding. Feeders were able to bid some heifer calves away from breeders in 1958 and they probably will do so again in 1959. When heifers go into feedlots instead of to breeding, the increase in the cow herd is retarded.

Moreover, feeding of cattle has added so much to beef supply that supplies of beef per person will almost surely remain much larger in this cycle than in the last one. Consumption per person may stay within a few pounds of the 80.5-pound figure now in sight for 1958. In 1951, by contrast, consumption dropped to 56 pounds. This bigger current beef supply should prevent the cyclical price boom in cattle from reaching the proportions it sometimes does. It may thereby also prevent so much price decline later.

If the feeding enterprise should prove the more attractive during the next several years, the rate of expansion in breeding herds could be held within bounds. In this event, prices of cattle would remain fairly high for a few years.

But this optimism would disappear if a truly speculative expansion should develop. Once one is underway all caution is abandoned. Such a boom feeds on itself, in disregard of longer-range economic values. Its outcome is always damaging. It should be prevented if at all possible.

Hog Production Up, Prices to Decline

In late October 1958 prices of barrows and gilts were about \$18.50 per 100 pounds at midwest markets. This was \$1.84 more than a year earlier. For all of 1958, prices will average a little above \$20.00. This is the highest average since 1954.

It is also the highest average that can be expected for several years. Production of hogs is now on an increase—a rapid one. Price declines will be large.

Last June producers planned for a 14 percent larger fall pig crop than that of 1957. Producers in 9 States indicated in September they were carrying out their plans fully, and might exceed them slightly. Hogs from the fall crop will begin to arrive at markets early in 1959. Under pressure of the larger supplies, prices probably will sag gradually throughout fall and winter. By late winter they will be considerably below a year before. However, they will not be severely depressed. After a late-winter or early-spring low prices probably will advance as usual during the spring to a summer high.

Table 11.—Pig crops and hog slaughter United States, 1951 to date, with slaughter forecast for 1959

Year	Pig crop			Total slaughter <u>1/</u>
	Spring	Fall	Total	
	<u>1,000 head</u>	<u>1,000 head</u>	<u>1,000 head</u>	
1951	61,298	39,288	100,586	85,540
1952	55,135	33,694	88,829	86,572
1953	47,940	29,974	77,914	74,368
1954	52,852	33,978	86,830	71,495
1955	57,690	38,029	95,719	81,058
1956	53,186	36,386	89,572	85,193
1957	51,812	36,524	88,336	79,049
1958	52,745	<u>2/</u> 42,000	<u>2/</u> 94,745	<u>3/</u> 77,800
1959				<u>4/</u> 88,000

1/ Including farm.

2/ Approximation based on farrowing intentions report for U. S. in June and for 9 States in September.

3/ Partly forecast.

4/ Forecast.

Fall Prices to be Lower

Prices of hogs in the fall of 1959 will decline seasonally and will be at their lowest point since the fall of 1955.

The improved prices of hogs and high hog-corn price ratio in 1958 make a continued expansion in production highly probable in 1959. Producers in 9 States indicated in September that they planned to increase their December-February farrowings 20 percent. If the total spring crop for the United States were to increase this much, prices of hogs would drop very greatly in the fall of 1959. They could possibly approach the \$10.60 to which they fell in the fall of 1955. A smaller gain in spring farrowings would result in less price decline.

While prices of hogs will in any event average a good deal lower in 1959 than 1958, the question as to how low they will drop in the fall resolves on the extent of increase in March-May farrowings. Farrowings in those months are the larger part of the spring total. However, in recent years farrowings have been moved earlier, reducing the significance of the March-May portion of the spring total. If that trend continues in 1959, the March-May increase would be less than the 20 percent planned in 9 States for December-February. In this case the total March-May farrowings would not appear especially large relative to other years.

Data in table 12 make this clearer. In 1958, December-February farrowings were 9 percent above 1956 and 11 percent above 1955. March-May farrowings show the opposite trend, being down 8 percent from 1956 and a sharp 20 percent from 1955. If March-May farrowings should increase 5 percent in 1959 they would remain well below both 1956 and 1955. If they should rise as much as 10 percent they would scarcely exceed 1956 and would still be considerably below 1955. A 15 percent gain would lift them appreciably above 1956 and closer to 1955.

If the March-May increase in 1959 farrowings should be moderate, the seasonal distribution of farrowings and slaughter would be much smoother than it was three or four years ago. The average price of hogs for 1959 would be substantially lower than in 1958, but a severe fall reduction would be unlikely.

Table 12.--Number sows farrowing spring pigs, 1955-58 and projection for 1959

Year	By months						By quarters			Total
	Dec.	Jan.	Feb.	Mar.	Apr.	May	Dec.- Feb.	Mar.- May		
	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	
1955	307	674	1,520	2,312	2,255	1,291	2,501	5,858	8,359	
1956	399	727	1,419	2,154	1,919	1,047	2,545	5,120	7,665	
1957	391	709	1,325	2,008	1,827	1,017	2,425	4,852	7,277	
1958	429	821	1,527	1,919	1,741	1,049	2,777	4,709	7,486	
1959 at specified increases										
							18	5		
							Pct.	Pct.		
							3,275	4,945	8,220	
							18	10		
							Pct.	Pct.		
							3,275	5,180	8,455	
							18	15		
							Pct.	Pct.		
							3,275	5,415	8,690	

In table 12, an 18 percent increase is assumed in December-February farrowings. This is based on the indicated 20 percent gain planned in 9 States, and a smaller increase elsewhere. Alongside this, three selected rates of increase are shown for March-May farrowings. It may be noted also that increases of 18 percent in December-February and 5 percent in March-May would give a spring total less than in 1955. With 10 percent more March-May farrowings, the 1955 total would be exceeded.

Uptrend in Hog Numbers Foreseen for Longer Future

In 1954 and again in 1958, consumers were provided only about 60 pounds of pork to eat. These were the lowest consumption rates since 1938. Not for a number of years to come is a pork supply so low to be expected.

All prospects point to a continued abundance of feed supplies and to relatively low feed prices. Under these conditions production of hogs in future years will almost certainly be larger than in the last year or two. Hog production will seldom get so far out of proportion to the feed supply and price as to result in a hog-corn ratio as high as in 1958.

If hog production expands moderately in 1959, and if feed crops are large in that year, production will probably expand further in 1960.

Chief factor influencing the potential volume of hog production is the price consumers are willing to pay for a larger supply of pork. It would be easy to provide them with the 70 pounds they once ate. Such a supply probably will in fact be provided if it can be moved into consumption without excessive declines in price. The most likely trend in the future will be for hog production to move toward a volume that would make about 70 pounds of pork available per person.

The question of whether such a level of output and consumption can be achieved without undue price reduction, is partly one of merchandising. It also involves the issue of quality in pork, and pork fatness. Whenever supplies of pork are small, fatness is not a great consideration. Fat hogs than sell for about as much as lean hogs, and previous progress toward producing and marketing a lean hog is largely interrupted. When hog production increases, fat-lean discrimination reappears. It will become a growing issue in the next year or two, and probably longer.

Cyclical Variation A Danger

If prices of feed are to remain rather low in the next few years, lower prices for hogs are the natural and inevitable consequence. No producer of hogs could expect the margin between prices of corn and hogs to remain as wide as it was in 1958.

In some respects the gravest concern for the future is not that prices of hogs will be lower, but that they might continue the wide cyclical swings to which they have been subject since World War II. Those swings are damaging in themselves; but they are less damaging when they center on a relatively high level of prices than when they start from a lower level. Wide downswings that begin from the lower prices expected in the future could prove destructive indeed.

Table 13.—Sheep and lambs on farms and ranches January 1, lamb crop, number slaughtered and wool production, United States, 1951 to date

Year	Number on farms January 1			Lamb crop	Total slaughter 1/	Shorn wool production
	Stock sheep	On feed	Total			
	1,000 head	1,000 head	1,000 head	1,000 head	1,000 head	Mil. lb.
1951	27,251	3,382	30,633	17,978	11,416	228
1952	27,944	4,038	31,982	18,479	14,304	233
1953	27,593	4,307	31,900	19,497	16,321	232
1954	27,079	4,277	31,356	20,340	16,255	236
1955	27,137	4,445	31,582	20,187	16,553	234
1956	27,012	4,261	31,273	20,398	16,328	239
1957	26,538	4,302	30,840	19,925	15,292	235
1958 ^{2/}	27,390	3,938	31,328	20,779	^{3/} 14,500	240

- 1/ Including farm.
- 2/ Preliminary.
- 3/ Partly forecast.

Sheep and Lamb Numbers Increasing

Slaughter of sheep and lambs in 1958 will total about 5 percent less than in 1957. The lamb crop was 4 percent larger than the 1957 crop. Consequently last year's increase of a half million in sheep inventories will be multiplied several times this year. Prospects are that the January 1, 1959 estimate will show a gain of around 1½ to 2 million head from January 1958.

Prices of lambs to producers averaged 7 percent more than a year before from January to October 1958. They were 13 percent above two years before. Comparisons for the entire year will be similar.

Rising production of sheep is attributed in part to confidence in prices including the guarantee of minimum returns from wool through the Wool Act. Another contributing cause was the vastly improved ranges in sheep raising areas of the West. For several years, increases in sheep numbers in the East were more than offset by reductions in the West. Now the West, including Texas, is no longer holding back national expansion.

The most likely prospect is for sheep numbers to continue upward. The rate will probably continue to be slow. If weather and range conditions in the West should turn unfavorable, the growth would probably stop.

Prices in 1959
Likely to be
Near 1958

Prices of sheep and lambs are influenced, over time, by the level of cattle prices. If cattle prices next year are as high as expected, lamb prices also will not change much. However, the larger production in prospect might result in some reduction below 1958 prices.

Feeding of lambs, like that of cattle, is beginning this fall under the burden of higher paying prices for feeders. In late October, feeder lambs at Omaha were about \$1.50 higher than a year before. This increase exceeds the benefit of cheap feed. Feeders will eventually have more money invested in their fed lambs this winter than last.

Prices of feeder lambs have been held higher by demand from some feeders who turned to lambs when feeder cattle prices rose so much. Current prices of feeder lambs, like those of feeder steers, have sometimes been higher than prices of fed animals. At this fall's paying price it is doubtful whether there is much chance of earning much more than minimum average profits in feeding this winter.

Longer-Run Outlook
is for Some
Further Expansion

Production of sheep and lambs may be expected to increase gradually in years to come. More and more of all sheep probably will be in farm flocks. The older open-range sheep enterprise has the less promising future. Other uses for both land and labor will create a relentless pressure against it.

Sheep and lamb prices in 1957 and 1958 have benefited from the cyclical upswing in all livestock prices. They will likewise join in the downward adjustment expected in the future. As lamb prices are more closely connected to cattle prices than to prices of any other livestock, their decline may not begin for at least another year or two.

When prices of lambs do fall, they may yet remain favorable relative to other livestock prices. Lamb prices normally are not subject to changes so wide as those of other livestock. Moreover, an increase in lamb and mutton production need not have so great an impact on their prices as expansion does on prices of other livestock. Potential demand for lamb is available in areas where the supply has been insufficient to develop a market.

Table 14.—Average retail price of pork and Choice beef,
per pound, by months, 1954 to date

Pork, excluding lard													
Year	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Av.
	Ct.	Ct.	Ct.	Ct.	Ct.	Ct.	Ct.	Ct.	Ct.	Ct.	Ct.	Ct.	Ct.
1954	67.7	68.1	68.1	68.9	69.2	68.3	65.8	63.8	62.8	59.9	58.2	57.4	64.8
1955	56.5	55.6	54.0	53.9	55.0	57.6	57.9	56.5	57.3	55.1	50.6	48.1	54.8
1956	46.7	47.9	47.5	49.6	51.0	54.8	54.6	55.1	55.9	55.2	53.1	53.7	52.1
1957	55.7	58.1	56.6	57.4	59.0	61.8	64.2	67.0	65.2	60.4	58.1	59.1	60.2
1958	61.9	63.1	64.2	65.1	65.6	67.9	69.1	68.2	65.3				
Beef, Choice grade													
1954	69.0	68.2	67.3	67.3	68.3	68.8	68.3	67.5	68.6	68.9	70.0	69.9	68.5
1955	70.1	69.7	68.9	68.6	67.0	67.4	66.8	66.7	67.4	67.0	65.6	64.7	67.5
1956	63.5	62.0	60.8	61.4	62.6	63.7	64.9	68.2	72.4	72.9	71.0	68.6	66.0
1957	66.8	66.6	65.7	68.4	69.9	70.7	72.4	73.4	73.9	72.7	72.4	74.0	70.6
1958	77.3	78.4	80.7	82.8	82.5	83.0	82.9	80.7	80.4				

Computed from data of the Bureau of Labor Statistics by the Marketing Research Division, AMS.

Supply of Pork to be Larger in 1959

The supply of pork available to consumers is expected to be much greater in 1959 than in 1958. A higher level will begin early in the year. By March, the supply will be considerably larger than at the corresponding period of 1958, since marketings of hogs from the 1958 fall pig crop will be well underway then. That crop was at least 14 percent larger than the preceding year's crop. The pork supply will remain larger than in 1958 because the 1959 spring pig crop also will be increased. Hogs from spring farrowings are marketed beginning in August.

Peak supplies of hogs, and output of pork, formerly were obtained in December. In recent years the season has moved to an earlier date -- the peak sometimes is as early as October.

Production of beef is expected to be only a little larger in 1959 than in 1958. On a per-person basis the change will likely be small. The supply of fed beef, most of which is of the higher grades, has increased year by year for several years. Its supply will probably increase further in 1959.

Table 15.--Average retail price of specified meat cuts, per pound, by months, 1956 to date

Year and item	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
	Ct.	Ct.	Ct.	Ct.	Ct.	Ct.	Ct.	Ct.	Ct.	Ct.	Ct.	Ct.
<u>Beef, Choice 1/</u>												
Round steak												
1956	84.9	83.0	81.3	82.4	84.0	85.7	88.0	92.1	96.9	96.6	93.5	89.9
1957	88.7	88.1	87.1	90.7	92.6	94.0	96.9	98.1	98.0	96.3	95.6	96.9
1958	100.6	101.0	103.1	105.8	105.9	106.2	106.3	104.0	103.7			
Rib roast												
1956	67.2	65.9	64.6	64.9	65.7	67.0	68.8	71.2	76.2	77.0	75.8	73.7
1957	72.3	69.7	69.6	71.3	73.4	74.4	75.4	76.0	76.6	75.5	75.0	76.3
1958	80.3	80.2	81.0	82.6	82.9	83.0	83.0	81.7	81.6			
Chuck roast												
1956	46.4	45.0	44.2	44.4	45.5	46.1	46.4	49.4	53.4	54.5	53.4	51.6
1957	49.0	49.7	48.7	50.9	52.0	52.2	53.0	54.0	55.1	54.3	53.4	56.3
1958	59.1	61.1	64.1	65.7	64.8	65.5	65.1	62.7	62.4			
Hamburger												
1956	38.5	37.8	37.5	37.6	37.7	37.9	38.4	38.8	39.4	40.0	39.5	39.2
1957	39.0	39.1	39.3	40.0	40.8	42.2	43.6	44.3	44.1	43.6	43.8	44.6
1958	47.8	49.0	50.3	53.1	54.0	54.6	54.8	53.7	53.8			
<u>Pork</u>												
Pork chops												
1956	64.8	69.2	67.3	73.0	77.3	86.3	85.8	85.2	87.9	84.9	79.3	77.6
1957	79.7	82.8	81.4	83.1	85.0	92.7	92.7	92.9	90.8	88.0	85.4	85.2
1958	87.9	88.6	89.5	91.2	91.3	96.0	96.9	94.6	93.5			
Bacon, sliced												
1956	54.4	53.9	52.8	53.8	54.2	56.6	58.6	59.5	60.5	61.7	60.6	61.3
1957	64.4	69.4	67.7	68.5	71.4	74.9	80.7	87.5	85.4	75.5	69.8	70.4
1958	75.6	77.2	77.1	79.5	80.4	81.9	85.1	86.4	83.0			
Hams, whole												
1956	55.5	55.9	57.1	58.8	59.4	62.1	62.0	62.1	61.4	59.8	59.4	61.0
1957	62.0	62.7	61.7	61.9	62.7	63.6	64.3	66.6	64.3	61.7	61.5	64.3
1958	66.3	66.5	68.4	68.6	67.9	69.1	69.2	68.9	66.3			
<u>Veal cutlet</u>												
1956	110.5	112.4	110.1	109.6	110.6	110.8	110.4	111.1	112.8	112.8	112.3	112.2
1957	114.7	116.8	116.4	117.3	117.2	118.6	117.8	118.5	119.1	118.5	118.3	120.0
1958	125.1	129.3	131.2	131.8	133.0	133.9	133.8	134.2	135.0			
<u>Leg of lamb</u>												
1956	64.1	64.4	63.8	65.4	71.3	74.7	71.2	70.3	70.9	69.7	70.4	68.0
1957	67.7	68.2	67.2	71.7	72.8	73.9	72.6	72.6	72.7	71.9	71.7	72.3
1958	76.1	78.0	77.5	78.1	77.0	77.6	77.9	76.8	77.1			

1/ Except hamburger, which has no grade designation.

Compiled from data of the Bureau of Labor Statistics.

All the reduction in beef supply in 1958 was in the middle and lower grades. Processing beef has been especially scarce. This situation will be repeated in 1959, as slaughter of cows and other cattle off grass will again be rather small.

The supply of lamb may increase a little in 1959. More ewes will be on farms, and the lamb crop is expected to increase.

Total meat consumption per person in 1959 is forecast at 156 pounds, 4 more than the 152 pounds estimated for 1958 (table 2).

Meat Prices Up in 1958

Retail meat prices have generally advanced from lows reached during the record meat production early in 1956. The gain in price per pound has been about equal for beef and pork. At mid-year, pork prices were near, yet still below, those reached in the summer of 1953. Beef prices were somewhat further below their peak, which came in 1952 (see chart).

Because pork and beef prices advanced together in 1956-58, the combined price of all meats rose to a new high. In July 1958, the BLS index of meat prices was 125.4, slightly above the previous record of 122.5 in October 1951. However, the general price level had increased about 10 percent in the intervening 7 years. Relative to the general consumer price index, meat prices have been considerably lower in 1958 than 1951.

Retail prices of meat have generally declined since early summer of 1958. This is true for prices paid by both urban and farm consumers. The urban price of Choice beef, based on reports of BLS, averaged 80.4 cents per pound in September, down $2\frac{1}{2}$ cents from June. Retail pork cuts at 65.3 cents per pound in September were down almost 4 cents from this year's peak. Choice beef prices in September were $6\frac{1}{2}$ cents above September 1957, but pork prices were scarcely changed from last year's (table 14).

Retail prices paid by farmers for some meat items were down slightly from June but others, principally processed meats, were slightly higher. Round steak averaged 92.3 cents per pound in September compared with 93.4 cents in June. Ham and pork chops also were down about 1 cent per pound. Sliced bacon at 73.4 cents per pound in September was up 2.3 cents from the June price. Bologna and frankfurters were both slightly higher than in June.

Hamburger, Chuck Roast Up More Than Higher Priced Beef Cuts

Among major cuts, veal cutlets have been near the lead in price increase. In September 1958 they were 16 cents a pound above September 1957 and 22 cents above September 1956 (table 15). Veal production in 1958 is averaging 20 percent below 1957 and 26 percent below 1956.

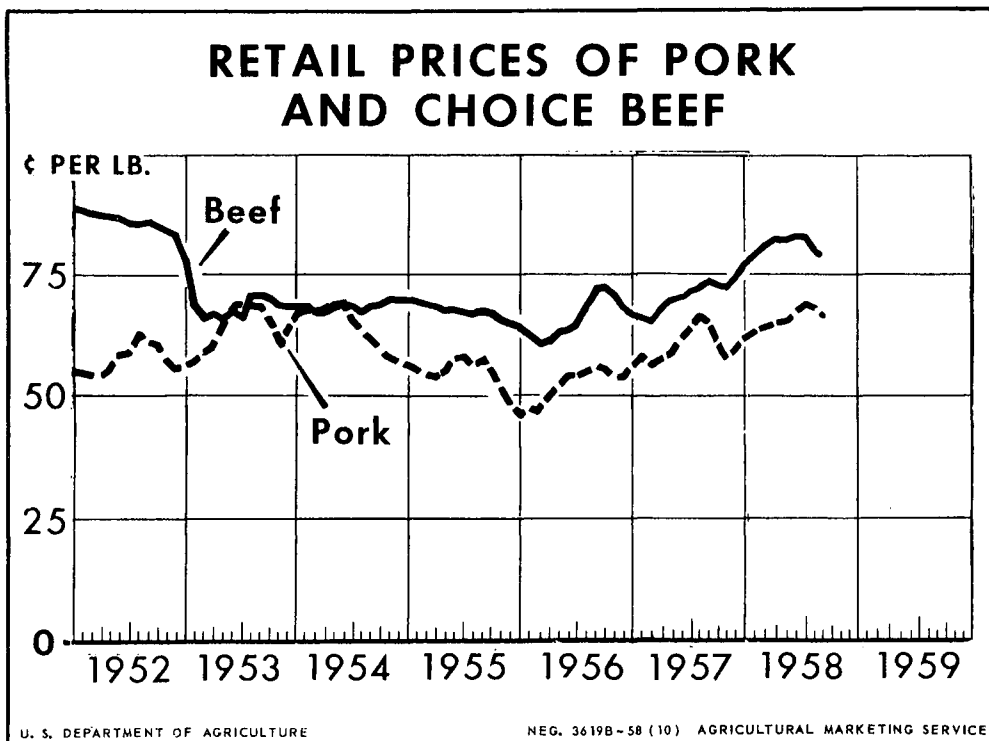


Figure 5.--Prices of both pork and Choice beef at retail have increased since early in 1956. Neither reached its previous high. In 1959 pork prices will be considerably lower than in 1958, but beef prices are not expected to change much.

Prices of hamburger and the cheaper cuts of beef have shown larger price increases than the more expensive beef cuts, especially on a percentage basis. In September Choice round steak and rib roast were 5 to 6 cents a pound above September 1957. Chuck roast was up 7 cents and hamburger was nearly 10 cents higher. Hamburger was up 22 percent from a year ago, showing a greater gain than any other meat for which data are available.

Greater increases for the cheaper kinds of beef than for the more expensive ones are explained by the greater shortage of cow beef and other grass beef than of fed beef. Increases such as these are typical of the present phase of the cattle cycle, when many cattle are being held back on farms.

Among pork products, bacon shows the most variability. Its average price jumped from $60\frac{1}{2}$ cents in September 1956 to $85\frac{1}{2}$ cents in September 1957, then eased to 83 cents in the same month of 1958.

Prices of both pork chops and hams have increased only moderately since September 1956. As is usual, pork chops have fluctuated more than have ham prices. Pork loins cannot be stored as effectively as hams. The swings in ham prices since September 1957, however, have been greater than usual, partly because less pork was stored last year than in any year in 43 years of records.

In 1959, the pattern of beef prices by cuts probably will not differ a great deal from 1958. Pork prices will probably be reduced in the same relative order as usual. Of the three cuts, bacon prices probably will decline most, pork chops next, ham prices least.

Supply and distribution of meat, by months, 1958

Period	Commercially produced								Total 2/		
	Supply				Distribution				Civilian consumption		
	Production	Beginning stocks	Imports	Exports and shipments	Ending stocks	Military	Civilian consumption		Production	Total	Per person
							Total	Per person 1/			
Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Lb.	Mil. lb.	Mil. lb.	Lb.	
Beef:											
April	1,024	110	62	3	103	28	1,062	6.2	---	---	---
May	1,062	103	61	4	100	27	1,095	6.4	---	---	---
June	1,079	100	63	3	108	29	1,102	6.4	---	---	---
2nd quarter	3,165	110	186	10	108	84	3,259	19.0	---	---	3/19.5
July	1,148	108	74	3	112	41	1,174	6.8	---	---	---
August	1,079	112		4	118	25			---	---	---
September	1,149	118			122	25			---	---	---
3rd quarter	3,376	108			122	91			---	---	3/21
Veal:											
April	91	9	1	4/	9	5	87	.5	---	---	---
May	90	9	1	4/	7	3	90	.5	---	---	---
June	91	7	4/	4/	8	4	86	.5	---	---	---
2nd quarter	272	9	2	4/	8	12	263	1.5	---	---	3/1.6
July	96	8	1	4/	7	5	93	.5	---	---	---
August	93	7		4/	7	4			---	---	---
September	94	7			9	4			---	---	---
3rd quarter	283	8			9	13			---	---	3/1.7
Lamb and mutton:											
April	65	5	2	4/	7	4/	65	.4	---	---	---
May	62	7	5	4/	10	4/	64	.4	---	---	---
June	55	10	3	1	12	1	54	.3	---	---	---
2nd quarter	182	5	10	1	12	1	183	1.1	---	---	3/1.1
July	53	12	2	4/	10	4/	57	.3	---	---	---
August	50	10		4/	11	4/			---	---	---
September	55	11			10	1			---	---	---
3rd quarter	158	12			10	1			---	---	3/1.0
Pork:											
April	807	224	16	8	260	15	764	4.5	---	---	---
May	734	260	17	10	243	14	744	4.4	---	---	---
June	710	243	15	11	210	17	730	4.3	---	---	---
2nd quarter	2,251	224	48	29	210	46	2,238	13.1	---	---	3/14.2
July	714	210	18	10	173	24	735	4.3	---	---	---
August	719	173		8	149	12			---	---	---
September	821	149			126	13			---	---	---
3rd quarter	2,254	210			126	49			---	---	3/14
All meat:											
April	1,987	348	81	11	379	48	1,978	11.6	---	---	---
May	1,948	379	84	14	360	44	1,993	11.6	---	---	---
June	1,935	360	81	15	338	51	1,972	11.5	---	---	---
2nd quarter	5,870	348	246	40	338	143	5,943	34.7	---	---	3/36.5
July	2,011	338	95	13	302	70	2,059	12.0	---	---	---
August	1,941	302		12	285	41			---	---	---
September	2,119	285			267	43			---	---	---
3rd quarter	6,071	338			267	154			---	---	3/38

1/ Derived from estimates by months of population eating out of civilian food supplies, unadjusted for underenumeration.

2/ Includes production and consumption from farm slaughter.

3/ Estimated.

4/ Less than 500,000 pounds.

Selected price statistics for meat animals and meat

Item	Unit	1957		1958		
		September	October	August	September	October
Cattle and calves						
Beef steers, slaughter	Dollars per					
Chicago, Prime	100 pounds	27.12	26.51	27.53	27.97	27.81
Choice	do.	24.98	24.67	26.11	26.70	26.67
Good	do.	22.86	22.75	24.82	25.56	25.63
Standard	do.	20.02	19.46	23.63	24.16	24.22
Commercial	do.	---	18.97	---	---	24.25
Utility	do.	17.28	17.41	21.98	22.48	22.58
All grades	do.	24.84	24.48	25.91	26.65	26.70
Omaha, all grades	do.	23.16	22.97	24.57	25.41	25.20
Sioux City, all grades	do.	23.45	23.07	24.76	25.47	25.25
Cows, Chicago						
Commercial	do.	15.26	15.24	19.60	20.28	20.01
Utility	do.	13.66	13.73	18.52	18.74	18.66
Canner and Cutter	do.	11.89	12.18	17.09	16.82	16.85
Vealers, Choice, Chicago	do.	24.95	26.46	31.48	32.31	32.42
Stocker and feeder steers, Kansas City 1/	do.	20.11	20.18	24.46	25.47	25.80
Price received by farmers						
Beef cattle	do.	17.70	17.40	21.40	22.20	22.20
Calves	do.	18.80	18.90	25.10	26.00	26.20
Hogs						
Barrows and gilts						
Chicago						
160-180 pounds	do.	17.18	16.25	19.66	19.15	18.35
180-200 pounds	do.	19.07	17.22	21.06	20.28	19.20
200-220 pounds	do.	19.61	17.53	21.44	20.60	19.32
220-240 pounds	do.	19.76	17.53	21.52	20.64	19.26
240-270 pounds	do.	19.80	17.43	21.54	20.54	19.05
270-300 pounds	do.	---	---	21.28	20.32	18.86
All weights	do.	19.34	17.32	21.39	20.43	19.08
8 markets 2/	do.	19.34	17.20	21.33	20.42	18.88
Sows, Chicago	do.	18.62	16.57	20.00	18.66	17.41
Price received by farmers	do.	19.10	17.00	21.10	20.00	18.50
Hog-corn price ratio 3/						
Chicago, barrows and gilts		15.3	14.6	16.0	16.1	16.6
Price received by farmers, all hogs		16.6	16.0	17.9	17.7	17.8
Sheep and lambs						
Sheep						
Dollars per						
100 pounds						
Slaughter ewes, Good and Choice, Chicago	do.	6.88	6.75	7.25	7.37	6.97
Price received by farmers	do.	6.48	6.36	6.98	7.22	7.30
Lambs						
Slaughter, Choice and Prime, Chicago	do.	24.95	22.95	4/23.94	4/22.80	4/ 23.31
Feeder, Good and Choice, Omaha	do.	21.88	21.05	4/22.89	4/23.44	4/ 23.78
Price received by farmers	do.	20.10	19.40	21.00	20.80	20.80
All meat animals						
Index number price received by farmers						
(1910-14=100)		291	275	338	339	330
Meat						
Wholesale, Chicago						
Dollars per						
100 pounds						
Steer beef carcass, Choice, 500-600 pounds	do.	41.25	40.52	42.96	43.61	43.89
Lamb carcass, Choice, 45-55 pounds	do.	48.43	46.03	50.69	49.76	49.96
Composite hog products:						
Including lard						
Dollars						
71.90 pounds fresh	do.	21.07	19.30	22.95	22.58	21.20
Average per 100 pounds	do.	29.30	26.84	31.92	31.40	29.49
71.01 pounds fresh and cured	do.	25.84	23.37	27.58	26.51	25.44
Average per 100 pounds	do.	36.39	32.91	38.84	37.33	35.83
Excluding lard						
55.99 pounds fresh and cured	do.	23.21	20.92	24.92	23.94	22.88
Average per 100 pounds	do.	41.45	37.36	44.51	42.76	40.86
Retail, United States average						
Cents						
Beef, Choice grade	per pound	73.9	72.7	80.7	80.4	
Pork, excluding lard	do.	65.2	60.4	68.2	65.3	
Index number meat prices (BLS)						
Wholesale (1947-49=100)		95.5	91.0	109.9	109.1	
Retail (1947-49=100) 5/		115.2	111.1	124.3	122.5	

1/ Average all weights and grades.

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

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

4/ Choice grade.

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

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

Item	Unit	1957		1958		
		September	October	August	September	October
Meat animal marketings						
Index number (1947-49=100)		134	162	110	135	
Stocker and feeder shipments to						
9 Corn Belt States	1,000					
Cattle and calves	head	679	1,190	364	815	
Sheep and lambs	do.	502	690	356	565	
Slaughter under Federal inspection						
Number slaughtered						
Cattle	do.	1,627	1,801	1,479	1,562	
Steers	do.	807	868	855	870	
Heifers	do.	262	285	253	267	
Cows	do.	522	609	346	398	
Bulls and stags	do.	36	40	25	27	
Calves	do.	638	742	424	472	
Sheep and lambs	do.	1,104	1,210	950	1,045	
Hogs	do.	5,060	6,094	4,515	5,219	
Percentage sows	Percent	8	6	12	8	
Average live weight per head						
Cattle	Pounds	980	990	1,002	1,006	
Calves	do.	223	213	232	214	
Sheep and lambs	do.	94	95	94	94	
Hogs	do.	221	226	232	230	
Average production						
Beef, per head	do.	544	546	572	573	
Veal, per head	do.	125	118	129	120	
Lamb and mutton, per head	do.	45	46	46	46	
Pork, per head	do.	127	130	135	134	
Pork, per 100 pounds live weight	do.	57	57	58	58	
Lard, per head	do.	30	31	31	31	
Lard, per 100 pounds live weight	do.	14	14	13	13	
Total production	Million					
Beef	pounds	881	978	844	893	
Veal	do.	79	88	55	57	
Lamb and mutton	do.	50	55	43	48	
Pork	do.	640	788	610	699	
Lard	do.	152	189	139	160	
Commercial slaughter ^{1/}						
Number slaughtered	1,000					
Cattle	head	2,211	2,428	1,962	2,085	
Calves	do.	1,044	1,174	725	795	
Sheep and lambs	do.	1,243	1,368	1,100	1,208	
Hogs	do.	5,997	7,224	5,348	6,165	
Total production	Million					
Beef	pounds	1,151	1,268	1,079	1,149	
Veal	do.	131	140	93	94	
Lamb and mutton	do.	56	62	50	55	
Pork	do.	760	935	719	821	
Lard	do.	173	216	158	182	
Cold storage stocks first of month						
Beef	do.	112	105	112	118	122
Veal	do.	9	9	7	7	9
Lamb and mutton	do.	5	6	10	11	10
Pork	do.	147	134	173	149	126
Total meat and meat products ^{2/}	do.	330	305	360	333	313

^{1/} Federally inspected and commercial.

^{2/} Includes stocks of canned meats in cooler in addition to the four meats listed.

LIST OF LIVESTOCK MARKETING PUBLICATIONS

Partial list of those released in past year

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Civilian Use -- Wendell Calhoun, Hawaii Agr. Expt. Sta.
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June 10, 1958

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Illinois

Improving Livestock Marketing Efficiency -- Ira M. Stevens and
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