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The LIVESTOCK and MEAT SITUATION

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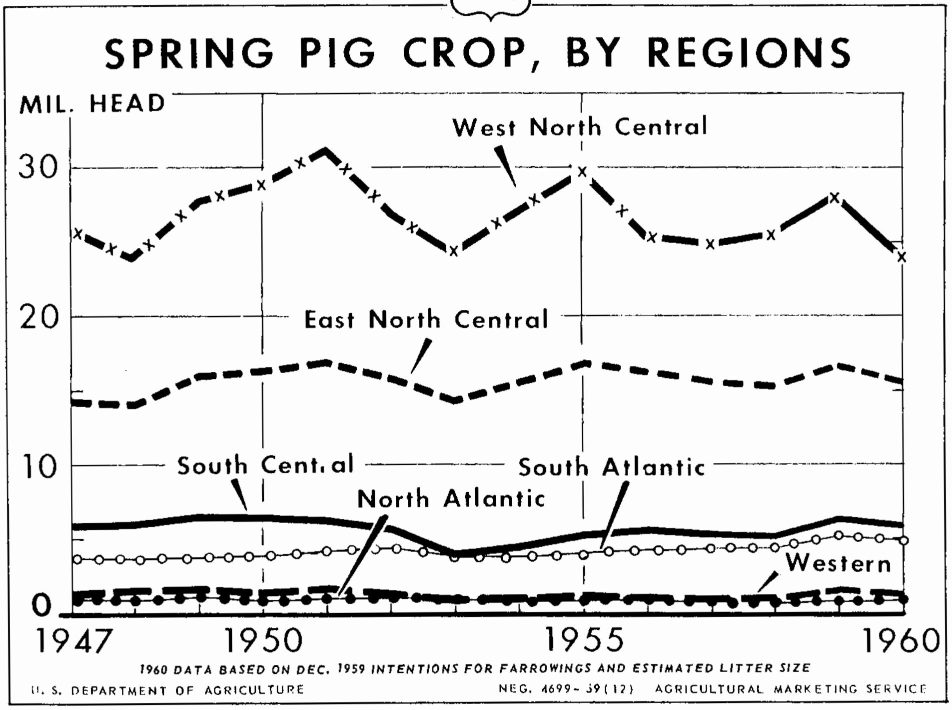

The North Central region produces most of the spring pigs. In 1959 the 4 other regions accounted for less than one-fourth of the nation's spring pigs. Year-to-year variations in crop size are not as wide in the East North Central region as in the West North Central States but usually in the same direction.

For the spring of 1960, all regions reported intentions for fewer farrowings than in 1959 except the North Atlantic region which planned a 2 percent increase. The West North Central region led with a decline of 15 percent. The East North Central, South Central, and South Atlantic States planned decreases of 9 percent and the West 7 percent. The United States prospective decline is 12 percent.

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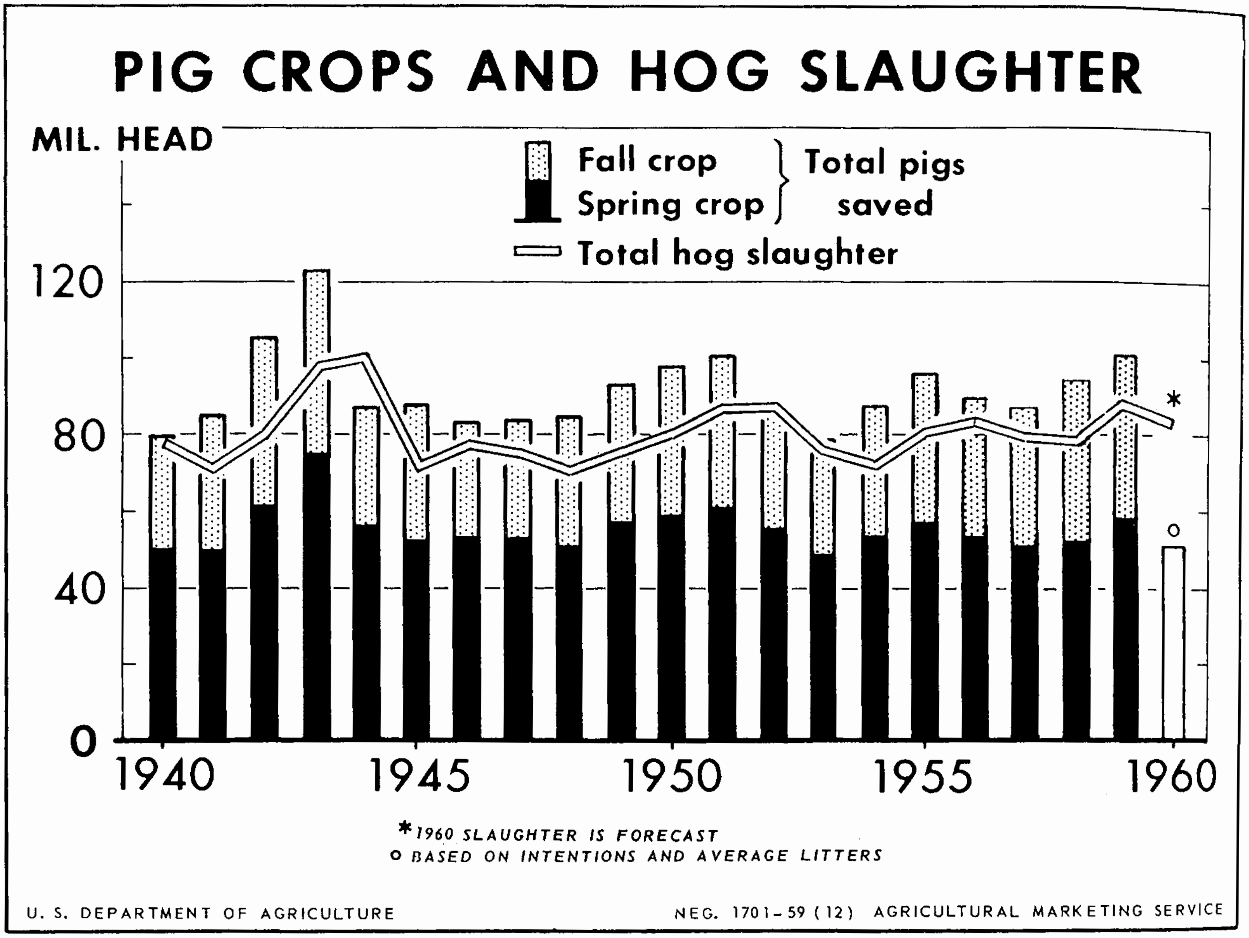

Hog production is turning downward. The 1959 fall crop was up only 2 percent and an 11 percent reduction is in prospect for the 1960 spring crop. Hog slaughter will drop below year-earlier levels sometime this spring and will continue below during the rest of the year. Pork supplies per person will be smaller in 1960 than 1959 but the reductions will be about offset by larger supplies of beef. Hog prices during the last half of 1960 will be above a year earlier and for the year will probably average a little higher than in 1959.

THE LIVESTOCK AND MEAT SITUATION

Approved by the Outlook and Situation Board, January 6, 1960

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SUMMARY

The period of seasonally large livestock marketings and declining prices has passed. Slaughter this winter will be down from recent months but above last winter. Continued liberal marketings of fed cattle will hold total cattle slaughter equal to or above last winter. Slaughter of hogs will decrease, as usual, but will stay above last year. However, the difference between this year's hog slaughter and the 1959 rate will narrow sharply and by spring slaughter could be close to year-earlier levels. Sheep and lamb slaughter this winter will likely be less than the relatively large slaughter of last winter.

The 1959 fall pig crop was up 2 percent and producers planned December 1 to reduce the spring crop sharply -- 11 percent. The planned reduction was somewhat greater for early farrowings. On December 1 producers in 9 of the Corn Belt States reported the number of hogs over 6 months of age, excluding the number of sows intended for spring farrowings, was about 8 percent larger than a year earlier. The number of pigs 3 to 6 months of age was up 2 percent. This indicates that hog slaughter during the early part of 1960 will be above 1959 but by the end of the year will be substantially less than the previous year.

Farmers' prices for hogs reached a seasonal low of $11.20 per 100 pounds in mid-December, down $6.30 from a year earlier. Market prices were relatively steady in late December and some seasonal rise is expected early this winter. A downturn is probable later when marketings from the fall pig crop are largest but a strong seasonal upturn is likely in late-spring. Prices of hogs during the last half of 1960 will likely be above 1959.

Cattle slaughter was above a year ago in the final 2 months of 1959 after lagging behind a year earlier for approximately 2 years. Calf slaughter in commercial plants was also near the previous year's rate for the first time since the fall of 1957. These developments reflect a continued high rate of fed cattle marketings plus some slackening in withholdings for herd expansion. Fed cattle will make up the bulk of slaughter supplies this winter and spring and will continue large throughout the year. However, marketing of grass cattle next summer and fall will likely be moderately larger than during these seasons in 1959.

Sheep and lamb slaughter has been significantly larger than a year earlier since July. As the 1959 lamb crop was up only 2 percent, slaughter this winter is expected to drop below last winter. Price advances will be moderated by liberal supplies of competing meats, but prices should soon rise seasonally up to or a little above last winter.

Consumers will pay less for pork, and probably a little less for beef, this winter than last. Late in 1960, retail pork prices will likely be above year-earlier prices, but beef will continue at or a little below a year earlier.

Imports of meat, largely for processing, were record large in 1959 though in the final quarter they were below a year earlier. Imports will probably continue large during 1960 but below 1959 levels. Domestic production of the classes imported is not expected to increase greatly. The Tariff Commission has been asked to investigate the effects of increased imports of lamb and mutton and sheep and lambs.

During the fall period of heavy marketings in late 1959, the Department of Agriculture purchased approximately 70.2 million pounds of meat products with about 30.8 million dollars of Section 32 funds which the Congress had directed to be used to procure supplies for the National School Lunch program. Purchases include 18.5 million pounds of ground pork, 27.0 million pounds of canned pork and gravy, 24.3 million pounds of ground beef and 0.4 million pounds of ground lamb.

REVIEW AND OUTLOOK

1960 Spring Pig Crop To Be Cut Sharply

Intentions of hog producers on December 1 were to have 12 percent fewer sows farrow spring pigs this year than last. If litters are of average size as adjusted for trend, a 1960 spring pig crop of 52 million head is in prospect. Such a crop would be 11 percent smaller than the 1959 spring crop but nearly as large as the 1958 crop.

The prospective decline in spring pigs follows 2 years of increasing production and is a considerably sharper reduction than indicated in the September report from 10 of the Corn Belt States. Producers at that time planned 4 percent fewer farrowings for December-February -- the first half of the spring season. Although the hog-corn price ratio has held near its long-time average since then, hog prices have trended gradually downward. Prices received by farmers for hogs in November averaged $12.20 per 100 pounds, down $1.80 from August and $5.70 from a year earlier.

During this same period, the large 1959 corn crop was being harvested. All corn is eligible for price support at a national average rate of $1.12 per bushel and most of the crop is of storable quality. Last year the national average support price for producers complying with acreage allotments was $1.36 per bushel, and for noncompliers $1.06 per bushel. Around 12 percent of the corn produced in the commercial area in 1958 was eligible for the higher support rate. This year, producers apparently intend to put a larger proportion of the crop under loan, leaving less to be marketed through hogs in the 1959-60 season. The August-November trends in hog and corn prices and corn loan rates in recent years are shown in the following table.

Table 1.--Prices received by farmers for hogs and corn, hog-corn price ratio and corn support prices, Aug.-Nov., 1955 to date

Year	Hog price, per 100 pounds				Corn price, per bushel			
	Aug.	Sept.	Oct.	Nov.	Aug.	Sept.	Oct.	Nov.
	Dol.	Dol.	Dol.	Dol.	Dol.	Dol.	Dol.	Dol.
1955	15.70	15.70	14.50	12.10	1.30	1.24	1.14	1.09
1956	16.20	15.70	15.50	14.30	1.45	1.43	1.19	1.21
1957	20.20	19.10	17.00	16.60	1.23	1.15	1.06	.985
1958	20.80	19.90	18.50	17.90	1.18	1.13	1.04	.942
1959	14.00	13.40	12.60	12.20	1.13	1.09	.990	.982

Year	Hog-corn price ratio				Corn support price per bushel 1/	
	Aug.	Sept.	Oct.	Nov.	For compliers	For noncompliers
					Dol.	Dol.
1955	12.1	12.7	12.7	11.1	1.58	2/
1956	11.2	11.0	13.0	11.8	1.50	1.25
1957	16.4	16.6	16.0	16.9	1.40	1.10
1958	17.6	17.6	17.8	19.0	1.36	1.06
1959	12.4	12.3	12.7	12.4	1.12	

1/ National average support prices for farmers complying or not complying with their acreage allotments.
2/ Price support not available to noncompliers.

Table 2.--Number of sows farrowing, pigs saved and pigs saved per litter, spring and fall pig crops, by regions, 1955 to date

SPRING PIG CROP

Year	North Atlantic	North Central East	North Central West	South Atlantic	South Central	Western	United States
	1,000 head	1,000 head	1,000 head	1,000 head	1,000 head	1,000 head	1,000 head
Sows farrowing:							
1955	139	2,404	4,247	618	780	171	8,359
1956	138	2,317	3,572	645	834	159	7,665
1957	119	2,207	3,371	645	787	148	7,277
1958	109	2,171	3,556	660	769	163	7,428
1959 1/	118	2,346	3,937	759	934	188	8,282
1960 2/	121	2,124	3,349	694	847	175	7,310
Pigs saved:							
1955	937	16,678	29,630	4,097	5,220	1,128	57,690
1956	909	16,125	25,279	4,287	5,545	1,041	53,186
1957	824	15,746	24,485	4,385	5,353	1,019	51,812
1958	750	15,347	25,532	4,408	5,176	1,123	52,336
1959 1/	823	16,669	28,159	5,254	6,395	1,307	58,607
1960							2/52,000
	Number	Number	Number	Number	Number	Number	Number
Pigs saved per litter:							
1955	6.68	6.94	6.98	6.63	6.69	6.63	6.90
1956	6.58	6.96	7.08	6.65	6.65	6.54	6.94
1957	6.88	7.13	7.26	6.80	6.80	6.86	7.12
1958	6.86	7.07	7.18	6.68	6.73	6.92	7.05
1959 1/	6.93	7.11	7.15	6.92	6.85	6.93	7.07
1960							2/7.10

FALL PIG CROP

Year	North Atlantic	North Central East	North Central West	South Atlantic	South Central	Western	United States
	1,000 head	1,000 head	1,000 head	1,000 head	1,000 head	1,000 head	1,000 head
Sows farrowing:							
1955	119	1,877	2,225	498	732	135	5,586
1956	108	1,785	1,984	504	694	119	5,194
1957	98	1,735	2,005	507	655	124	5,124
1958	100	1,914	2,471	533	725	140	5,883
1959 1/	106	1,973	2,559	563	810	157	6,168
Pigs saved:							
1955	809	12,886	15,199	3,310	4,922	903	38,029
1956	738	12,625	14,118	3,417	4,687	801	36,386
1957	669	12,344	14,466	3,400	4,424	845	36,148
1958	690	13,891	17,820	3,737	5,045	980	42,163
1959 1/	728	13,918	17,890	3,880	5,512	1,101	43,029
	Number	Number	Number	Number	Number	Number	Number
Pigs saved per litter:							
1955	6.79	6.87	6.83	6.65	6.72	6.66	6.81
1956	6.80	7.07	7.12	6.79	6.75	6.71	7.00
1957	6.81	7.11	7.21	6.71	6.75	6.84	7.06
1958	6.87	7.26	7.21	7.02	6.96	6.97	7.17
1959 1/	6.87	7.05	6.99	6.89	6.80	6.99	6.98

1/ Preliminary. 2/ Number indicated to farrow from intentions as of December 1, 1959. Average number of pigs per litter with allowance for trend used to calculate indicated number of pigs saved.

Table 3.--Number of sows farrowing and percentage distribution by months, fall season, 1954 to date

Year	June	July	Aug.	Sept.	Oct.	Nov.	Total
	Sows farrowing						
	1,000 head	1,000 head	1,000 head	1,000 head	1,000 head	1,000 head	1,000 head
1954	769	709	1,280	1,308	641	307	5,014
1955	752	830	1,373	1,475	795	361	5,586
1956	667	712	1,267	1,417	762	369	5,194
1957	735	757	1,185	1,334	749	364	5,124
1958	823	909	1,401	1,506	821	423	5,883
1959	955	986	1,422	1,566	817	422	6,168
	Percentage distribution of fall farrowings						
	Percent	Percent	Percent	Percent	Percent	Percent	Percent
1954	15.4	14.1	25.5	26.1	12.8	6.1	100.0
1955	13.5	14.9	24.6	26.4	14.2	6.4	100.0
1956	12.8	13.7	24.4	27.3	14.7	7.1	100.0
1957	14.4	14.8	23.1	26.0	14.6	7.1	100.0
1958	14.0	15.4	23.8	25.6	14.0	7.2	100.0
1959	15.5	16.0	23.1	25.4	13.2	6.8	100.0

Sharpest Decline In West North Central States

The sharpest reduction in the 1960 spring pig crop was planned for the western and northern States of the Corn Belt. Breeding intentions are for 15 percent fewer sows to farrow this spring than last in the West North Central region. Several other southern and western States also look for big percentage decreases. Most of these States had sharp increases in the 1959 spring crop. All regions of the country plan a decline in spring farrowings, except the North Atlantic States which show a 2 percent increase.

Longer run changes in the spring pig crop are pictured in the cover chart. The greater size, wider year-to-year variations, and downtrend in spring pigs in the West North Central States are readily apparent. Production has been more stable in the East North Central region and has trended slightly upward. These two regions produce over three-fourths of the nation's spring pigs. The almost uninterrupted uptrend in the South Atlantic region has changed its share of the U.S. pig crop from 7.3 percent to 9.0 percent in the period covered.

Breeding intention reports for 10 North Central States indicate the last half of the 1960 spring crop (March-May) may not be cut as sharply as early farrowings. These States planned 15 percent fewer farrowings in December-February, but only 11 percent fewer in the last 3 months. Nebraska is an exception with a greater percentage reduction outlined for March-May farrowings.

Sows have not been bred yet for part of the spring pig crop and farmers' intentions are still subject to change due to economic and other factors as well as the effect of the intentions report iself. Sows bred in January will farrow before June 1. On the other hand, slaughter of bred sows or gilts or breeding fewer in January than planned would accentuate the reduction in late spring pigs.

1959 Fall Pig Crop Up 2 Percent

The fall pig crop is estimated at 43.0 million head, the largest peacetime fall crop of record. This is 2 percent larger than the 1958 fall crop and over a fifth larger than the average of the previous 10 years. The relatively larger gain over the years in the fall crop than the spring crop points up the more frequent practice of two crops each year.

The number of sows farrowing in the fall of 1959 is estimated at 6,168,000 head, 5 percent more than in 1958 but 3 percent less than indicated by farmers' reports on breeding intentions last June. The number of pigs saved per litter averaged 6.98, compared with the record high of 7.17 pigs per litter in the 1958 fall crop. Reductions in pigs per litter were reported for most States, which resulted in only 2 percent more fall pigs saved from 5 percent more sows.

Fall farrowings were up more in the first half than in the second half of the season. June-August farrowings were up 7 percent and September-November farrowings only 2 percent. Farrowings in October and November were actually less last year than a year earlier (table 3). The larger gain in the early months followed a well established trend toward earlier farrowings. However, the shift last fall was accentuated by the downturn in production.

Average Market Weights Now Below A Year Ago

The average market weight of hogs has dropped below a year earlier in recent weeks. In November the average monthly weight of barrows and gilts at 8 markets was 2 pounds below November 1958 but 3 pounds heavier than two years earlier. December weights were up seasonally but below a year earlier.

Conditions that stimulate an expansion in hog production usually favor heavy slaughter weights and, conversely, declining hog production is often associated with lighter weights. During periods of high prices for hogs and low prices for feed--and when producers are optimistic as to the future price of hogs--producers usually feed to heavy weights; and opposite conditions generally lead to lighter market weights. Weights became heavy in 1958, for example, about the same time that production started upward. They remained near or above year-earlier weights until late in 1959. During this period the average monthly weight of barrows and gilts at 8 markets has often been 4-6 pounds heavier than a year earlier (table 5).

Table 4.--Spring pig crop, by regions, 1947 to date

(Data for cover chart)

Year	North Atlantic	North Central		South Atlantic	South Central	Western
		East	West			
	1,000 head	1,000 head	1,000 head	1,000 head	1,000 head	1,000 head
1947	1,029	14,265	25,812	3,790	5,857	1,446
1948	1,010	14,052	24,062	3,714	6,030	1,600
1949	1,107	15,909	27,835	3,909	6,570	1,639
1950	943	16,177	28,905	3,971	6,534	1,428
1951	1,038	16,798	31,279	4,211	6,386	1,586
1952	1,102	15,745	26,812	4,463	5,694	1,319
1953	941	14,271	24,322	3,730	3,737	939
1954	863	15,479	27,127	3,895	4,454	1,034
1955	937	16,678	29,630	4,097	5,220	1,128
1956	909	16,125	25,279	4,287	5,545	1,041
1957	824	15,746	24,485	4,385	5,353	1,019
1958	750	15,347	25,532	4,408	5,176	1,123
1959	823	16,669	28,159	5,254	6,395	1,307

The price spread between light and heavy hogs is determined largely by the conditions that lead to heavier or lighter weights. In addition, the spread reflects the relative size of market supplies of the various weights. Table 5 shows that the price spread between 200-220 pound hogs and 240-270 pound hogs is greater during the fall and winter and less during the summer. Price spreads have been relatively wide during the past 2 years. Price discounts for heavy hogs are currently near those of a year ago and considerably more than in 1956 and 1957.

Market weights will tend to continue below 1959 weights this winter. By spring prospects for better prices may lead producers to feed longer to heavier weights. In that event, wider price discounts for heavy hogs would offset part of any overall price increase.

<u>Winter Hog Prices To Stay Below Last Winter</u>

It appears likely that the prices of hogs in 1960 will conform more closely to the usual seasonal pattern than they did in 1959. Prices may show some recovery in the early weeks of the year but a downturn in hog prices is likely late this winter when marketings of fall-born hogs are largest. Prices will probably climb above year-earlier levels next spring and remain above the rest of the year. The seasonal increase expected next spring is in constrast to the relatively stable prices of last spring. Prices are likely to be relatively high at their seasonal peak next summer. The seasonal declines next fall will probably be as large or larger than usual.

Table 5.--Average weight of barrows and gilts at 8 markets, and price spread by weights at Chicago, 1955 to date

Month	Average live weight, 8 markets					Price spread 240-270 lb. from 200-220 lb. at Chicago				
	1959	1958	1957	1956	1955	1959	1958	1957	1956	1955
	Lb.	Lb.	Lb.	Lb.	Lb.	Dol.	Dol.	Dol.	Dol.	Dol.
January	238	232	232	231	241	-.83	-.82	-.55	-.99	-1.16
February	232	228	229	227	236	-.54	-.50	-.38	-.53	-.94
March	229	229	230	224	235	-.32	-.31	-.29	-.18	-.52
April	232	233	230	223	233	-.51	-.66	-.38	-.28	-.59
May	231	234	230	223	230	-.82	-.75	-.72	-.37	-.94
June	229	229	226	221	225	-.75	-.77	-.83	-.45	-1.13
July	221	219	215	217	215	1/-.12	-.29	-.36	-.38	-.46
August	216	214	208	211	209	1/ .09	.10	.08	-.07	.01
September	218	218	210	214	210	1/ .07	-.06	.19	.02	.13
October	224	224	218	217	216	1/-.02	-.27	-.10	-.12	-.12
November	228	230	225	223	224	1/-.18	-.69	-.40	-.44	-.72
December	230	233	229	227	228	-.95	1.14	-.81	-.58	-1.22
Average	228	227	224	222	226	.25	-.51	-.38	-.36	-.63

1/ July-November 1959 price spread is for 220-240 pound barrow and gilt and 200-220 pound.

Compiled from data of Market News, Livestock Division.

Table 6.--Average weight of slaughter steers, and price spread between weight groups, Chicago, 1955 to date

Month	Average live weight, all grades					Price spread Choice steers, 1100-1300 lb. from 900-1100 lb.				
	1959	1958	1957	1956	1955	1959	1958	1957	1956	1955
	Lb.	Lb.	Lb.	Lb.	Lb.	Dol.	Dol.	Dol.	Dol.	Dol.
January	1,194	1,141	1,148	1,154	1,095	-.55	-.29	-.40	-1.04	-.14
February	1,187	1,129	1,157	1,166	1,092	-.38	.08	-.25	-.73	-.09
March	1,168	1,117	1,151	1,151	1,081	-.03	.28	.02	-.20	02
April	1,149	1,118	1,143	1,141	1,089	.23	.73	-.12	-.10	0
May	1,162	1,119	1,140	1,125	1,093	.10	.67	.07	-.02	-.02
June	1,165	1,132	1,136	1,134	1,111	-.11	.29	-.03	-.04	-.16
July	1,166	1,138	1,120	1,125	1,121	-.44	-.03	.08	-.01	-.29
August	1,163	1,143	1,124	1,109	1,122	-.10	-.01	.34	.26	-.15
September	1,158	1,145	1,126	1,109	1,126	-.10	-.24	.26	.64	-.42
October	1,151	1,161	1,131	1,115	1,135	-.07	-.30	.09	.53	-.45
November	1,152	1,175	1,138	1,129	1,132	-.12	-.62	-.10	.63	-.53
December	1,158	1,190	1,141	1,143	1,145	-.41	-.57	.04	.11	-.85
Average	1,164	1,144	1,137	1,134	1,114	-.17	0	0	.01	-.25

Compiled from data of Market News, Livestock Division.

The price outlook is based on prospective slaughter supplies a little larger this winter than last and a sharper seasonal reduction in summertime slaughter than usual. On December 1 producers in 9 of the Corn Belt States reported nearly the same number of hogs on hand 6 months old and older as a year earlier. However, since these producers planned for 13 percent fewer sows to farrow spring pigs, the number on hand apparently intended for marketing early in 1960 was up about 8 percent. The small gain in late fall pigs and sharp cut planned in early spring pigs together with smaller supplies of sows will likely mean a strong seasonal gain next spring to a relatively high summer peak.

1959 Cattle Slaughter Down; Heifer Slaughter Up

In the first half of 1959, commercial cattle slaughter averaged 6 percent below a year earlier. This difference narrowed during the summer and slaughter for November, the latest month reported, was 10 percent above the relatively low level of November 1958. December weekly slaughter in federally inspected plants has been above corresponding weeks a year earlier. For 1959 as a whole cattle slaughter totaled little less than in 1958. It included more heifers, slightly fewer steers and considerably fewer cows (table 7). While the gain in heifer slaughter over a year earlier may be overstated due to a change in reporting, market receipts of fed heifers consistantly outdistanced 1958 receipts. Steer slaughter was above the 1958 rate at times but averaged below a year earlier. The number of cows slaughtered had lagged below earlier years--reflecting the larger number retained for herd expansion -- but the gain in November slaughter over November 1958 boosted all classes above a year earlier. For cows this was the first time since July 1957 and probably does not reflect a marked change in the withholding rate.

Part of the gain in slaughter in recent months has been in grass cattle. Receipts of fed steers and heifers at 12 central markets during October and November were 6 percent larger than a year earlier. Federally inspected slaughter of steers and heifers combined during these months was up 8 percent. Data are not available for a December comparison. However, December marketings of fed cattle were 13 percent larger than December 1958, probably a smaller gain than in slaughter of steers and heifers. These reports indicate that the number of grass cattle slaughtered this fall has been above a year earlier.

Although the movement of fed cattle to market was above a year earlier last fall, it was slow in relation to numbers of cattle on feed. On October 1, the number of cattle and calves on feed in 21 feeding States was 20 percent larger than October 1958. The number on feed weighing less than 900 pounds was up 25 percent while the number weighing over 900 pounds was 13 percent greater than last October. In addition it appears that more cattle were placed on feed this fall than a year before. The number of stocker and feeder cattle and calves received in 9 Corn Belt States in October was down from a year earlier. The classification of feeders shipped from 10 markets indicates the decline was largely in calves. November receipts in 9 States, however, were larger than in November 1958 and for the 2 months totaled 1 percent smaller than a year earlier. Feeder shipments from 10 markets continued above year-earlier levels in December.

Table 7.--Number of cattle and calves slaughtered under Federal inspection, by class, United States, by months, 1959 compared with 1958

Month	Steers		Heifers		Cows		Calves	
	1959	1958	1959	1958	1959	1958	1959	1958
	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.	808	877	261	249	356	477	424	547
Feb.	663	678	250	245	291	365	377	468
Mar.	751	706	286	258	280	373	423	518
Apr.	816	780	305	225	291	353	406	485
May	815	831	287	236	288	374	358	438
June	851	857	298	241	301	382	366	430
July	895	921	304	245	333	367	382	435
Aug.	797	855	319	253	310	346	359	424
Sept.	865	869	351	267	300	398	415	471
Oct.	830	878	382	287	355	456	471	541
Nov.	750	725	325	220	370	337	438	441
Dec.		864		224		329		474
Total 1/	9,735	9,840	3,700	2,951	3,835	4,558	4,880	5,672

1/ Computed from unrounded numbers. 1959 totals are partly estimated.

Fed Cattle Slaughter To Continue Large

The data on market movement and cattle on feed indicate that the number on feed continues high and contains a backlog of heavy cattle. As a result, marketings of fed cattle in the first part of 1960 will likely be above those of early 1959. Prices of fed steers late in December were generally $1.00 to $2.50 per 100 pounds below a year ago. The continued relatively low rate of grass cattle slaughter will be a supporting influence for fed cattle but the volume of fed marketings in prospect point to fed cattle prices this winter and next spring somewhat below last year It appears unlikely that fed cattle prices will match year-earlier levels before summer, and possibly not at all during 1960.

Prices of feeder cattle during the first part of 1959 were unusually high relative to fed cattle. Feeder prices declined sharply this fall. Abundant and cheap feed continue to lend support to feeder prices but the edge has been taken off of the demand for young cattle to add to breeding herds. Except for the period of strong demand for stocker animals to go on grass this spring there is little chance of any substantial rise in prices of these classes during 1960.

Cattle Weights Now Below A Year Ago

Average weights of fed cattle increased in 1958 as did hogs (table 6). The average weights of all slaughter steers at Chicago rose above a year earlier in July 1958 and continued above until October 1959. Average weights in December were 32 pounds lighter than in December 1958. Price discounts for heavy steers were wider than usual in most months since mid-1958.

Slaughter weights will continue relatively heavy this winter but will probably be below year-earlier levels. Unusually wide discounts are not expected.

Lamb Prices Down

Commercial slaughter of sheep and lambs through November totaled 9 percent higher than in 1958 and prices averaged over $2.00 per 100 pounds lower. Only in May and June did farmers' prices for lambs equal or exceed corresponding months of 1958. In December the average price received for lambs was $16.60 per 100 pounds, down $2.30 from a year earlier, and the lowest monthly price since December 1955.

In addition to heavier slaughter supplies, the lamb market has been weakened by increased supplies of competing meats. Pork especially has been more plentiful and at lower retail prices during 1959 than the year before.

The number of sheep and lambs to be fed for the winter and early spring market is expected to be about the same as last year. Feeding operations in the Western States are expected to show a moderate increase but the number to be fed in the Corn Belt is likely to be down slightly. The number of feeder sheep and lambs received in 9 of the Corn Belt States for the period July through September was nearly 2 percent above but for October-November totaled 9 percent smaller than a year earlier. This early movement of feeder lambs will probably mean an earlier movement of fed lambs this winter. In that event, the seasonal decline in slaughter and rise in prices would also be earlier than usual. Total slaughter this winter will likely drop below the relatively high rate of last winter. The 1959 lamb crop was only 2 percent larger than in 1958. During 1959 slaughter has exceeded a year earlier by a considerable margin thereby reducing the number of lambs available for slaughter this winter. Late winter or early spring prices may be equal to or above last year.

U.S. Tariff Commission To Investigate Imports

The United States Tariff Commission has been requested to investigate whether lamb, mutton, sheep or lambs are being imported in such quantities as to "cause or threaten serious injury to the domestic industry--" A public hearing in connection with this investigation is scheduled for March 22. Hence, imports of these classes of meat animals and meats will likely be subject to present regulations at least through this winter.

Federal Lamb Grading

On December 30 the U. S. Department of Agriculture announced the plan to suspend the Federal grading service for lamb and mutton for a year would not go into effect January 4 as previously announced. Decision on this matter is being withheld for a period up to one month (not later than February 8) respecting the request of the Chairman of the House Agriculture Committee, Harold D. Cooley, to permit his Committee an opportunity to become more fully acquainted with the problem.

The decision to suspend lamb and mutton carcass grading for a year was prompted by the inability to gain general acceptance from all segments of the lamb industry on revisions in the current system of lamb grades. The Secretary stated he was hopeful that during the year's suspension responsible groups within the industry would develop generally acceptable grade standards that would facilitate the orderly marketing of lamb and mutton.

The suspension of grading and grade marking does not alter the requirements for federally inspected slaughter.

USDA Meat Purchases

Since last September the USDA has purchased approximately 70.2 million pounds of meat products for schools participating in the National School Lunch Program. Expenditures totaling 30.8 million dollars were made with funds transferred by Congress from Section 32 for use under the National School Lunch Act. The purchases include 24.3 million pounds of frozen ground beef, 27.0 million pounds of canned pork and gravy, 18.5 million pounds of frozen ground pork and 357,000 pounds of frozen ground lamb.

Delivery of these items was scheduled for 1959 or early 1960. All purchases of meat items have been discontinued until further notice.

RETAIL MEAT OUTLOOK

In November the Bureau of Labor Statistics index of retail meat prices was 113.5 (1947-49=100), down 6.5 points from a year earlier. Most of the decline has occurred since mid-year and was associated primarily with lower pork prices.

Retail beef prices were relatively steady throughout 1959 and averaged slightly higher than in 1958. The composite retail price for Choice beef as computed by the Agricultural Marketing Service was between 82 and 84 cents per pound for the first 11 months of the year. In November the retail price was 82.3 cents per pound and in December probably held close to this level. In 1958 average retail prices in November and December were 81.0 and 81.3 cents.

Retail beef prices during the next few months will probably hold close to present levels. Total beef output in the first quarter may be down slightly from the final quarter in 1959 but output of the grades generally going into retail outlets will be close to last fall. Slaughter of fed cattle will continue large, but the relatively low rate of cow slaughter will limit the supply of lower grade beef.

Retail veal prices have declined during the past several months and currently are a little below a year earlier for the first time in nearly 3 years. Veal prices will probably average lower this winter than last but will continue high relative to beef prices. A smaller proportion of the calf crop is of dairy breeds than formerly and the cattle cycle has not progressed to the stage where many beef calves will be slaughtered for veal.

Retail pork prices have trended downward since mid-1958 and by November were about 13 percent below a year earlier. The composite retail price of pork products excluding lard in November was 53.8 cents per pound and December probably showed some further small decline. Urban retail pork prices, as reported by the Bureau of Labor Statistics, have declined sharply in recent months. In November pork chops and hams were each about 7 cents per pound below November 1958. Bacon at 60.7 cents per pound was down 13.2 cents from a year earlier. Similar price declines from January-September 1958 to the same period in 1959 have occurred in prices paid by farmers for pork chops, bacon and ham.

Retail pork prices are expected to hold close to current levels this winter. Slaughter will come largely from late spring and early fall pigs, both of which were up slightly.

Retail lamb prices have been below a year earlier since last June as supplies have been somewhat larger. During this winter slaughter is expected to drop below last winter and prices may be as high or a little higher than last winter.

OUTLOOK FOR SAUSAGE MEATS

Sausage production under Federal inspection totaled approximately 2,350 million pounds in 1959, 5 percent larger than a year earlier. All major kinds of sausage shared in the increase but fresh finished and other smoked or cooked sausage (bologna type) accounted for most of the gain. Imports of processing meats were record large although during the last 3 months of 1959 they were down from a year ago, largely due to smaller inshipments of salted boneless beef from South America. Domestic production of the kinds of beef generally used in manufacturing was somewhat smaller than in 1958 as cow slaughter under Federal inspection totaled about 16 percent less than a year earlier. Federally inspected hog slaughter, on the other hand, was up 15 percent.

Sausage production has been declining seasonally and will probably continue to do so this winter. The weekly rate of sausage output, including loaf and canned sausage items declined from 47.6 million pounds in June to around 42.5 near the end of 1959. Output will likely hold above last winter with much of the gain in fresh finished sausage.

Production of the grades of meat used largely in processing will be somewhat smaller this winter than in recent months, though a little above a year earlier. Cow and grass cattle slaughter early in 1960 will show some gain over a year before but a marked increase is not expected. Pork trimmings will also be more plentiful than in 1959. Imports of meat will probably be smaller than in early 1959 but will continue to supply a significant part of sausage meat supplies. The net movement of meat into cold storage will probably be smaller than last winter.

The recent request for the U. S. Tariff Commission to investigate the effects of imports of live sheep and lambs or lamb and mutton carcasses will probably have little effect on such shipments this winter.

Table 8.--Cattle and hog slaughter, meat imports and stocks, and sausage production, by quarters 1958 to date and January-March 1960 forecast

Period	Federally inspected slaughter								
	Cattle						Hogs		
	Total			Cows					
	1960	1959	1958	1960	1959	1958	1960	1959	1958
	1,000 head	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.-Mar.	1/4,300	3,994	4,298	1/1,000	928	1,215	1/18,000	17,304	14,801
Apr.-June		4,318	4,357		880	1,110		15,524	13,617
July-Sept.		4,546	4,601		943	1,111		15,928	14,061
Oct.-Dec.		2/4,650	4,386		2/1,085	1,122		2/20,000	16,983
Year		2/17,500	17,642		2/3,835	4,558		2/68,800	59,462

Period	Imports all meat 3/			Meat stocks in cold storage beginning of quarter 4/			Sausage production 5/		
	1960	1959	1958	1960	1959	1958	1960	1959	1958
	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.
Jan.-Mar.	1/150	206	143		462	403		546	532
Apr.-June		274	205		602	409		599	575
July-Sept.		277	255		582	396		646	576
Oct.-Dec.		2/175	223		408	317		2/560	552
Year		2/930	826					2/2,350	2,235

1/ Forecast.
2/ Partly estimated.
3/ Total red meat imports, product weight.
4/ Includes beef, veal, pork, lamb, mutton and canned meats in public cold storage.
5/ Federally inspected production of all sausage, including loaf, head cheese, jellied products and the following canned items: Luncheon meat, viennas, franks and weiners in brine, deviled ham, other potted or deviled meat food products, bulk sausage and sausage in oil.

Supply and distribution of meat, by months, 1959

Period	Commercially produced								Total 2/		
	Supply			Distribution						Civilian consumption	
	Production	Beginning stocks	Imports	Exports and shipments	Ending stocks	Military	Civilian consumption: Total	Civilian consumption: Per person 1/	Production	Total	Per person
	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Lb.	Mil. lb.	Mil. lb.	Lb.
Beef:											
July	1,168	168	92	4	165	35	1,224	7.0	---	---	---
August	1,083	165	106	4	163	25	1,162	6.6	---	---	---
September	1,177	163	135	5	171	27	1,272	7.3	---	---	---
3rd quarter	3,428	168	333	13	171	87	3,658	20.9			3/21
October	1,187	171	75	5	163	29	1,236	7.0	---	---	---
November	1,082	163	54	5	169	25	1,100	6.3	---	---	---
December									---	---	---
4th quarter											3/21
Veal:											
July	82	10	1	4/	8	4	81	.5	---	---	---
August	78	8	1	4/	8	3	76	.4	---	---	---
September	87	8	1	1	8	4	83	.5	---	---	---
3rd quarter	247	10	3	1	8	11	240	1.4			3/1.5
October	92	8	1	4/	8	3	90	.5	---	---	---
November	80	8	1	4/	9	3	77	.4	---	---	---
December									---	---	---
											3/1.5
Lamb and mutton:											
July	58	17	7	4/	17	1	64	.4	---	---	---
August	53	17	3	4/	15	4/	58	.3	---	---	---
September	62	15	4	1	14	4/	67	.4	---	---	---
3rd quarter	173	17	14	1	14	1	189	1.1			3/1.1
October	64	14	4	4/	12	4/	70	.4	---	---	---
November	57	12	2	4/	12	4/	59	.3	---	---	---
December									---	---	---
4th quarter											3/1.1
Pork:											
July	841	313	17	11	248	20	892	5.1	---	---	---
August	792	248	12	13	184	11	844	4.8	---	---	---
September	925	184	13	13	163	15	931	5.3	---	---	---
3rd quarter	2,558	313	42	37	163	46	2,667	15.3			3/16
October	1,060	163	13	13	185	14	1,024	5.8	---	---	---
November	1,027	185	13	13	216	13	983	5.6	---	---	---
December									---	---	---
4th quarter											3/18
All meat:											
July	2,149	508	117	15	438	60	2,261	13.0	---	---	---
August	2,006	438	122	17	370	39	2,140	12.2	---	---	---
September	2,251	370	153	20	356	46	2,353	13.4	---	---	---
3rd quarter	6,406	508	392	52	356	145	6,754	38.6			3/40
October	2,403	356	93	18	368	46	2,420	13.8	---	---	---
November	2,246	368	70	18	406	41	2,219	12.6	---	---	---
December									---	---	---
4th quarter											3/42

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	1958 November	1958 December	1959 October	1959 November	1959 December
Cattle and calves						
Beef steers, slaughter	Dollars per					
Chicago, Prime	100 pounds	27.64	28.28	28.32	27.94	27.22
Choice	do.	26.77	27.19	27.19	26.53	25.57
Good	do.	25.82	25.88	25.96	25.19	23.87
Standard	do.	24.44	24.51	24.23	23.20	22.26
Commercial	do.	23.50	23.29	23.51	23.09	20.87
Utility	do.	22.50	22.45	21.72	20.27	18.60
All grades	do.	26.79	27.01	27.06	26.31	25.26
Omaha, all grades	do.	25.51	25.64	25.36	24.49	23.78
Sioux City, all grades	do.	25.57	26.06	25.51	24.62	24.01
Cows, Chicago						
Commercial	do.	19.93	19.58	17.30	16.00	15.85
Utility	do.	18.50	18.15	15.53	14.20	14.79
Canner and Cutter	do.	16.80	16.65	13.81	12.47	13.63
Vealers, Choice, Chicago	do.	33.40	32.50	---	---	29.50
Stocker and feeder steers, Kansas City 1/	do.	26.46	25.81	24.41	23.34	22.51
Price received by farmers						
Beef cattle	do.	22.30	22.30	21.30	20.00	19.50
Calves	do.	26.20	27.00	25.40	23.90	23.10
Hogs						
Barrows and gilts						
Chicago						
160-180 pounds	do.	18.26	---	---	---	---
180-200 pounds	do.	18.97	18.84	12.91	12.92	12.20
200-220 pounds	do.	18.87	18.72	13.16	13.06	12.42
220-240 pounds	do.	18.62	18.44	13.14	12.88	11.97
240-270 pounds	do.	18.18	17.58	---	---	11.47
270-300 pounds	do.	17.84	17.00	---	---	---
All weights	do.	18.51	18.15	13.07	12.75	11.87
8 markets 2/	do.	18.13	17.86	13.11	12.61	11.86
Sows, Chicago	do.	16.14	14.62	11.03	10.08	8.88
Price received by farmers	do.	17.90	17.50	12.60	12.20	11.20
Hog-corn price ratio 3/						
Chicago, barrows and gilts		16.6	15.6	11.9	11.6	10.8
Price received by farmers, all hogs		19.0	17.2	12.7	12.4	11.7
Sheep and lambs	Dollars per					
Sheep	100 pounds					
Slaughter ewes, Good and Choice, Chicago	do.	6.75	6.57	4.05	4.15	4.57
Price received by farmers	do.	7.08	7.04	5.34	5.31	5.33
Lambs						
Slaughter, Choice, Chicago	do.	22.29	19.81	20.52	19.26	17.84
Feeder, Good and Choice, Omaha	do.	22.56	21.03	18.80	18.13	17.10
Price received by farmers	do.	20.30	18.90	17.80	17.20	16.60
All meat animals						
Index number price received by farmers (1910-14=100)		329	328	291	275	264
Meat						
Wholesale, Chicago	Dollars per					
Steer beef carcass, Choice, 500-600 pounds	100 pounds	44.20	45.05	44.04	42.86	42.71
Lamb carcass, Choice, 45-55 pounds	do.	48.05	42.62	43.84	40.49	38.16
Composite hog products:						
Including lard						
71.90 pounds fresh	Dollars	21.11	20.27	15.73	15.35	14.63
Average per 100 pounds	do.	29.36	28.19	21.88	21.35	20.35
71.01 pounds fresh and cured	do.	24.68	24.11	19.54	19.08	18.40
Average per 100 pounds	do.	34.76	33.95	27.52	26.87	25.91
Excluding lard						
55.99 pounds fresh and cured	do.	22.34	21.97	17.63	17.16	16.65
Average per 100 pounds	do.	39.90	39.24	31.49	30.65	29.74
Retail, United States average	Cents					
Beef, Choice grade	per pound	81.0	81.3	82.2	82.3	
Pork, excluding lard	do.	61.8	61.4	55.5	53.8	
Index number meat prices (BLS)						
Wholesale (1947-49=100)		103.7	102.0	95.7	90.2	
Retail (1947-49=100) 4/		120.0	119.9	115.1	113.5	

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

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

Item	Unit	1958 November	1958 December	1959 October	1959 November	1959 December
Meat animal marketings						
Index number (1947-49=100)		129	121	160	144	
Stocker and feeder shipments to 9 Corn Belt States	1,000					
Cattle and calves	head	897	352	1,143	1,016	
Sheep and lambs	do.	222	121	532	250	
Slaughter under Federal inspection						
Number slaughtered						
Cattle	do.	1,302	1,437	1,586	1,462	
Steers	do.	725	864	830	750	
Heifers	do.	220	224	382	325	
Cows	do.	337	329	355	370	
Bulls and stags	do.	20	20	19	18	
Calves	do.	441	474	471	438	
Sheep and lambs	do.	883	1,061	1,200	1,070	
Hogs	do.	5,258	5,814	6,646	6,337	
Percentage sows	Percent	8	8	8	11	
Average live weight per head						
Cattle	Pounds	1,048	1,068	1,033	1,043	
Calves	do.	205	190	206	200	
Sheep and lambs	do.	99	100	97	98	
Hogs	do.	242	242	235	241	
Average production						
Beef, per head	do.	591	607	592	593	
Veal, per head	do.	115	109	118	114	
Lamb and mutton, per head	do.	48	49	47	48	
Pork, per head	do.	139	138	136	139	
Pork, per 100 pounds live weight	do.	58	57	58	58	
Lard, per head	do.	34	35	32	33	
Lard, per 100 pounds live weight	do.	14	14	13	14	
Total production	Million					
Beef	pounds	766	868	936	864	
Veal	do.	50	51	55	50	
Lamb and mutton	do.	42	52	56	51	
Pork	do.	730	800	903	877	
Lard	do.	178	201	210	209	
Commercial slaughter 1/						
Number slaughtered	1,000					
Cattle	head	1,734	1,883	2,089	1,903	
Calves	do.	701	751	746	680	
Sheep and lambs	do.	1,025	1,214	1,374	1,213	
Hogs	do.	6,220	6,947	7,846	7,477	
Total production	Million					
Beef	pounds	978	1,091	1,187	1,082	
Veal	do.	81	83	92	80	
Lamb and mutton	do.	48	59	64	57	
Pork	do.	858	949	1,060	1,027	
Lard	do.	201	228	239	236	
Cold storage stocks first of month						
Beef	do.	137	159	171	163	169
Veal	do.	12	13	8	8	9
Lamb and mutton	do.	10	9	14	12	12
Pork	do.	134	184	163	185	216
Total meat and meat products 2/	do.	346	419	408	421	462

1/ Federally inspected, and other wholesale and retail.
2/ Includes stocks of canned meats in cooler in addition to the four meats listed.

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