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The LIVESTOCK and MEAT SITUATION

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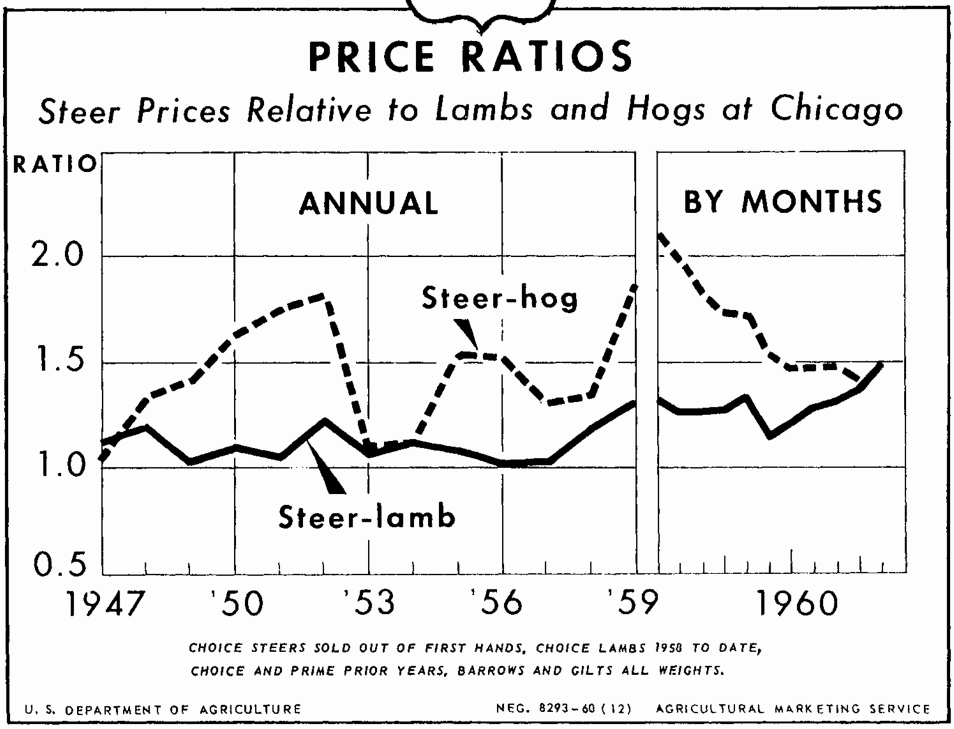
LMS-114



Market prices for slaughter steers generally exceed those for hogs and lambs. Steer prices were especially favorable relative to hog prices in 1952 and 1959. Because slaughter lamb and steer prices tend to follow similar patterns, their ratio has been relatively stable.

Early in 1960 Choice steers sold for twice as much per 100 pounds liveweight as barrows and gilts. This ratio declined during the year as hog prices increased. In recent weeks barrow and gilt prices have often been above lambs causing the steer-hog price ratio to drop below the steer-lamb ratio.

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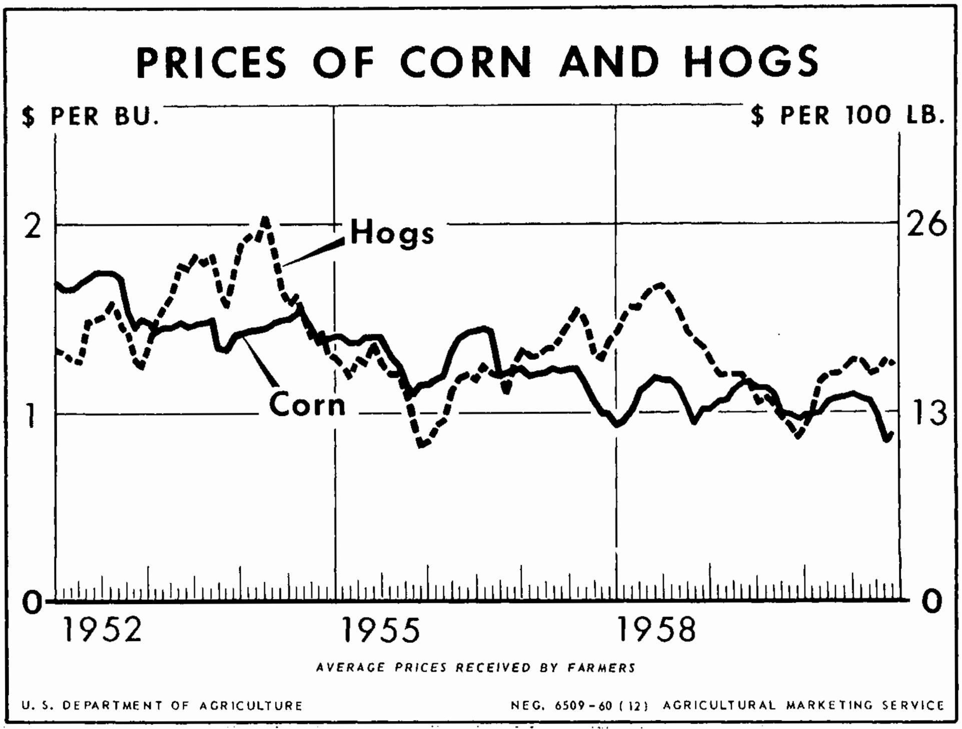
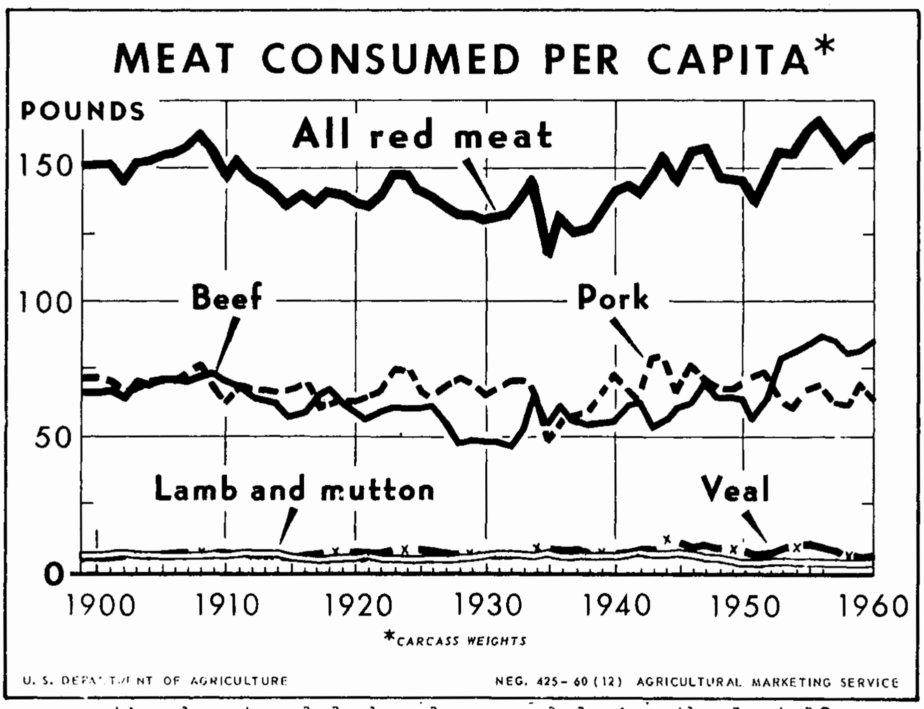


Prices of corn have varied seasonally but trended only slightly lower for the last several years. Hog prices declined during 1958 and 1959 but have since climbed to an above-normal relationship to the price of corn. Hogs will likely continue above average relative to corn at least during the first half of 1961.



Meat consumption has trended sharply upward during the last 10 years due primarily to increases in beef. Total consumption per person is expected to set a new high in 1961, about 4 pounds more than the 161 pounds consumed in 1960. The gain will again be largely in beef.

THE LIVESTOCK AND MEAT SITUATION

Approved by the Outlook and Situation Board, January 5, 1961

Contents

SUMMARY

The livestock industry this fall has featured--

(1) A sharply reduced level of hog slaughter, and relatively favorable prices following the reduction in the number of spring pigs.

(2) Generally larger marketings of other meat animals than in 1959.

(3) Strengthening of cattle prices, which, for most classes, are near or above those of a year earlier.

(4) A decline in lamb prices with prices continuing below last year's level.

(5) Total meat production in recent months down from a year ago due to smaller pork output.

Hog production is increasing and will result in a larger pork output in the last half of 1961 than in 1960. The 1960 fall pig crop was down 3 percent, but as of December 1 producers planned to increase the spring pig crop 5 percent. The gain will be somewhat larger in early farrowings according to present intentions. However, the entire spring crop would be smaller relative to population than in any postwar year except 1960. No severe decline in hog prices is expected in the fall of 1961, although prices will be appreciably less than this past fall.

Hog prices have held up better this fall than usual as slaughter has lagged sharply behind year-earlier levels. The average price to farmers for hogs in December was $16.20 per 100 pounds, $4.90 above a year earlier. Slaughter will continue below a year ago during the next few months although the margin

will narrow as the 3 percent smaller fall pig crop is marketed Prices are expected to be above a year earlier this winter and may fluctuate within relatively narrow limits. Price discounts for overweight will widen if farmers continue to stretch out the feeding period for hogs.

Market supplies of fed cattle this winter probably will be a little larger than last, but grass cattle will provide much of the expected increase in total cattle slaughter. The number of cattle and calves on feed October 1, 1960, in 26 feeding States was only 1 percent larger than October 1959. Since then, marketings of fed steers and heifers have been down slightly. Feeder cattle sales and shipments indicate the number placed on feed since October 1 was probably about the same as last fall. Hence, the number of cattle and calves on feed January 1 will likely be close to last January. This winter, cattle prices--including fed cattle--will likely continue close to or a little above current prices.

The 1960 lamb crop was up 2 percent. Sheep and lamb slaughter since July has been about 10 percent larger than in the same period in 1959. The number of sheep and lambs on feed for winter and early spring market this year is not expected to differ greatly from the number on feed on January 1, 1960. Hence, total lamb marketings this winter will likely be close to a year earlier. Some seasonal uptrend in lamb prices seems probable this winter.

Total meat consumption in 1960 was about 161 pounds per person, a pound or so more than in 1959. This uptrend will continue in 1961 and consumption of meat of about 165 pounds may set a new high. Most of the prospective 4-pound gain will come in the last half of the year and will be due to larger beef supplies.

Average retail meat prices are currently a little above a year earlier, as higher pork prices more than offset lower beef prices. Retail prices this winter will likely average a little above a year earlier but will drop below later as increasing pork production brings lower prices.

Late in 1960, the Department of Agriculture purchased about 46.4 million pounds of frozen ground beef, 33.2 million pounds of canned beef and 42,000 pounds of frozen ground lamb for distributuon to schools participating in the National School Lunch Program. Also, 23.1 million pounds of lard were purchased for donation to needy persons and institutions. Meat purchases for schools and lard purchase programs were suspended in November.

REVIEW AND OUTLOOK

1960 Spring Pig Crop Down 17 Percent

The 1960 spring pig crop totaled 47.1 million head, a decrease of 9½ million pigs from a year earlier. Early farrowings were down 18 percent; late farrowings, down 14 percent. The total spring crop was down 17 percent, as the number of pigs per litter also declined slightly. An average of 6.96 pigs were saved per litter, compared with 7.08 pigs per litter in the 1959 spring crop (Table 1).

Hog Marketings Later than Usual

Commercial hog slaughter from September through December was about 14 percent smaller than in these months a year earlier. This reduction in slaughter is smaller than in the spring pig crop and is largely due to delayed marketings of 1959 fall crop pigs. The prospect of a relatively favorable summertime price encouraged farmers to adjust feeding programs so that more hogs would reach market weights during summer months. As a result of this stretch-out, fall crop pigs were slaughtered later than usual and at heavier weights. Since July, the average weight of hogs slaughtered in commercial plants has been above a year earlier. In August, the average weight was 236 pounds, 4 pounds above a year earlier.

The longer feeding period is also evident in inventories, as farmers apparently marketed a smaller part of their spring pig crop by the end of 1960 than they did in the past few years. On December 1, the number of hogs on farms in 10 of the Corn Belt States was only 3 percent smaller than the previous December. The number under 6 months of age was nearly the same, the number of 6 months old and older was down 7 percent from a year earlier. Since the number 6 months and older included a larger breeding herd, the decrease in barrows and gilts for slaughter was probably down 12 to 14 percent.

Weight Discounts to Widen

Apart from the transfer of slaughter supplies from 1960 into 1961, delayed marketings during the next several months will add extra weight and could lead to wider price discounts than usual for heavy hogs. This does not necessarily mean that the producer would not profit from a longer feeding period. Conditions that stimulate an expansion in hog production--prospects for higher hog prices in the future, a favorable hog-corn price ratio or both--usually favor heavier slaughter weights. However, any price discount for overweight applies to total live weight and not just to weight added. If hog prices are relatively stable the added weight may more than offset a price discount and added feed costs.

The average live weight of barrows and gilts at 8 midwestern markets dropped below a year earlier late in 1959. Weights continued at or below a year earlier through April 1960 when prices rose and producers became more optimistic about the outlook for hogs. Since April weights have been above a year earlier. Price discounts have widened seasonally this fall and in December were wider than last December and also wider than usual for this time of year.

December Hog Prices $4.90 Above A Year Ago

Hog prices have traced an unusual pattern during the last several months and have not declined as they usually do at this time of year. The average price of barrows and gilts at 8 midwestern markets rose to a peak of

Table 1.--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	606	780	171	8,347
1956	139	2,343	3,572	623	826	152	7,655
1957	118	2,207	3,371	607	754	137	7,194
1958	106	2,180	3,537	597	713	148	7,281
1959	110	2,335	3,881	659	843	168	7,996
1960 1/	110	2,095	3,149	549	722	140	6,765
1961 2/	104	2,138	3,435	530	707	149	7,063
Pigs saved:							
1955	937	16,678	29,630	4,019	5,220	1,126	57,610
1956	911	16,306	25,279	4,141	5,492	995	53,124
1957	819	15,745	24,485	4,134	5,131	949	51,263
1958	732	15,409	25,398	3,985	4,800	1,030	51,354
1959	764	16,593	27,759	4,554	5,783	1,167	56,620
1960 1/	757	14,640	22,223	3,742	4,787	955	47,104
1961							2/ 49,500
	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	6.55	6.94
1957	6.88	7.13	7.26	6.81	6.81	6.87	7.12
1958	6.85	7.07	7.18	6.68	6.73	6.95	7.05
1959	6.92	7.11	7.15	6.91	6.86	6.94	7.08
1960 1/	6.86	7.00	7.06	6.82	6.63	6.82	6.96
1961							2/ 7.00

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	1,893	2,225	494	733	135	5,599
1956	108	1,789	1,982	495	688	119	5,181
1957	96	1,760	2,006	492	641	117	5,112
1958	98	1,957	2,493	512	693	134	5,887
1959	103	2,028	2,553	530	768	146	6,128
1960 1/	94	1,972	2,535	475	701	141	5,918
Pigs saved:							
1955	809	12,995	15,199	3,282	4,931	903	38,119
1956	738	12,653	14,102	3,356	4,649	804	36,302
1957	659	12,522	14,472	3,300	4,339	807	36,099
1958	679	14,206	17,971	3,554	4,834	935	42,179
1959	715	14,306	17,845	3,649	5,245	1,015	42,775
1960 1/	648	14,048	17,731	3,293	4,836	994	41,550
Pigs saved per litter:	Number	Number	Number	Number	Number	Number	Number
1955	6.79	6.86	6.83	6.64	6.73	6.66	6.81
1956	6.80	7.07	7.12	6.79	6.76	6.72	7.01
1957	6.81	7.11	7.21	6.71	6.77	6.86	7.06
1958	6.90	7.26	7.21	6.95	6.98	7.00	7.17
1959	6.90	7.05	6.99	6.89	6.83	7.02	6.98
1960 1/	6.86	7.12	6.99	6.94	6.90	7.03	7.02

1/ Preliminary.
2/ Number indicated to farrow from intentions as of December 1, 1960. Average number of pigs per litter with allowance for trend used to calculate indicated number of pigs saved.

Table 2.-Number of sows farrowing and percentage distribution by months, spring and fall season, United States, 1955 to date

Year	Dec.	Jan.	Feb.	Mar.	Apr.	May	Total
	Sows farrowing, spring						
	1,000 head	1,000 head	1,000 head	1,000 head	1,000 head	1,000 head	1,000 head
1955	305	675	1,517	2,306	2,254	1,290	8,347
1956	395	724	1,420	2,156	1,914	1,046	7,655
1957	382	695	1,310	1,986	1,811	1,010	7,194
1958	410	790	1,480	1,869	1,706	1,026	7,281
1959	539	985	1,529	2,048	1,853	1,042	7,996
1960	494	759	1,251	1,704	1,599	958	6,765
	Percentage distribution of spring farrowings						
	Percent	Percent	Percent	Percent	Percent	Percent	Percent
1955	3.7	8.1	18.2	27.6	27.0	15.4	100
1956	5.2	9.4	18.5	28.2	25.0	13.7	100
1957	5.3	9.7	18.2	27.6	25.2	14.0	100
1958	5.6	10.9	20.3	25.7	23.4	14.1	100
1959	6.8	12.3	19.1	25.6	23.2	13.0	100
1960	7.3	11.2	18.5	25.2	23.6	14.2	100

Year	June	July	Aug.	Sept.	Oct.	Nov.	Total
	Sows farrowing, fall						
	1,000 head	1,000 head	1,000 head	1,000 head	1,000 head	1,000 head	1,000 head
1955	755	832	1,378	1,479	796	359	5,599
1956	666	711	1,264	1,411	762	367	5,181
1957	735	759	1,183	1,330	744	361	5,112
1958	829	912	1,400	1,504	820	422	5,887
1959	954	978	1,414	1,559	808	415	6,128
1960	887	884	1,306	1,522	873	446	5,918
	Percentage distribution of fall farrowings						
	Percent	Percent	Percent	Percent	Percent	Percent	Percent
1955	13.5	14.9	24.6	26.4	14.2	6.4	100
1956	12.9	13.7	24.4	27.2	14.7	7.1	100
1957	14.4	14.8	23.1	26.0	14.6	7.1	100
1958	14.1	15.5	23.8	25.5	13.9	7.2	100
1959	15.5	16.0	23.1	25.4	13.2	6.8	100
1960	15.0	14.9	22.1	25.7	14.8	7.5	100

\$18.03 per 100 pounds the first week in August but dropped sharply for several weeks in response to increasing slaughter supplies and heavy withdrawals of pork from cold storage. Prices then rose steadily during September and early October, to average \$17.87 the week ending October 15. Since then prices have trended only slightly lower despite some seasonal gain in marketings, and the final week in December averaged \$17.36 per 100 pounds. The average price to farmers for hogs in December was \$16.20 per 100 pounds, \$4.90 above December 1959.

The unusual strength of the fall hog market can perhaps be best illustrated by pointing out that commercial hog slaughter in November was 9 percent smaller than in November 1959 and the average price to producers for hogs was up 37 percent. During this period total meat production averaged below a year earlier. Part of the increased demand for pork may have been in anticipation of well-sustained prices during the early months in 1961. Cold storage stocks had been reduced to a relatively low level by November 1 and withdrawals presumably would not be a price depressing factor in the months ahead. Consumer incomes had eased off but were well above the final quarter of 1959.

It is interesting to note that hog slaughter in November was 31 percent larger than in July, yet farmers received the same average price for hogs--\$16.60 per 100 pounds. Much of this difference is explained by a stronger seasonal demand for pork, but part is due to other factors.

Hog-Corn Price Ratio Up

As corn prices have held relatively stable, the hog-corn price ratio has been unusually favorable this past fall (table 5). The ratio (farm basis) in November was 19.2, a record for that month.

Winter Hog Prices To Stay Above Last Winter

Hog slaugher this winter will continue below last winter, and prices will likely hold well above year-earlier levels. The makeup of December 1 inventories in 10 States indicates that the difference in marketings from a year earlier will narrow during late winter and early spring. Hence, unlike the rising trend early in 1960, hog prices may weaken during the first few weeks in 1961 but could hold fairly close to present levels during the next several months.

1961 Spring Crop Up 5 Percent

A 1961 spring pig crop of 49.5 million head, 5 percent larger than in 1960, is in prospect based on farmers' intentions of 4 percent more sows and gilts to farrow and on a slight gain in the number of pigs saved per litter.

The 4 percent gain in 1961 spring farrowings is largely accounted for by increases in the North Central Region. These States and the West as a group planned increases of 6 percent. The North Atlantic, South Atlantic, South Central Regions planned decreases 2 to 6 percent.

Table 3.--Average weight of barrows and gilts at 8 markets, and price spread by weights at Chicago, 1956 to date

Month	Average live weight, 8 markets					Price spread 240-270 lb. from 200-220 lb. at Chicago				
	1960	1959	1958	1957	1956	1960	1959	1958	1957	1956
	Lb.	Lb.	Lb.	Lb.	Lb.	Dol.	Dol.	Dol.	Dol.	Dol.
January	232	238	232	232	231	-.63	-.83	-.82	-.55	-.99
February	228	232	228	229	227	-.34	-.54	-.50	-.38	-.53
March	229	229	229	230	224	-.23	-.32	-.31	-.29	-.18
April	232	232	233	230	223	-.36	-.51	-.66	-.38	-.28
May	234	231	234	230	223	-.82	-.82	-.75	-.72	-.37
June	232	229	229	226	221	-.67	-.75	-.77	-.83	-.45
July	228	221	219	215	217	-.58	1/ -.12	-.29	-.36	-.38
August	223	216	214	208	211	-.20	1/ .09	.10	.08	-.07
September	222	218	218	210	214	.00	1/ .07	-.06	.19	.02
October	225	224	224	218	217	-.09	1/ -.02	-.27	-.10	-.12
November	231	228	230	225	223	-.31	1/ -.18	-.69	-.40	-.44
December	232	230	233	229	227	-1.08	-.95	-1.14	-.81	-.58
Average	229	228	227	224	222	-.44	1/ -.15	-.51	-.38	-.36

1/ Price spread for 220-240 pound and 200 220 barrow and gilt.

Compiled from data of Market News, Livestock Division.

Table 4.--Average weight of slaughter steers, and price spread between weight groups, Chicago, 1956 to date

Month	Average live weight, all grades					Price spread Choice steers, 1100-1300 lb. from 900-1100 lb.				
	1960	1959	1958	1957	1956	1960	1959	1958	1957	1956
	Lb.	Lb.	Lb.	Lb.	Lb.	Dol.	Dol.	Dol.	Dol.	Dol.
January	1,176	1,194	1,141	1,148	1,154	-.35	-.55	-.29	-.40	-1.04
February	1,174	1,187	1,129	1,157	1,166	-.48	-.38	.08	-.25	-.73
March	1,169	1,168	1,117	1,151	1,151	.03	-.03	.28	.02	-.20
April	1,150	1,149	1,118	1,143	1,141	.16	.23	.73	-.12	-.10
May	1,150	1,162	1,119	1,140	1,125	.14	.10	.67	.07	-.02
June	1,150	1,165	1,132	1,136	1,134	.18	-.11	.29	-.03	-.04
July	1,158	1,166	1,138	1,120	1,125	-.10	-.44	-.03	.08	-.01
August	1,153	1,163	1,143	1,124	1,109	-.16	-.10	-.01	.34	.26
September	1,152	1,158	1,145	1,126	1,109	-.22	-.10	-.24	.26	.64
October	1,153	1,151	1,161	1,131	1,115	-.19	-.07	-.30	.09	.53
November	1,164	1,152	1,175	1,138	1,129	-.31	-.12	-.62	-.10	.63
December	1,166	1,158	1,190	1,141	1,143	-.42	-.41	-.57	.04	.11
Average	1,160	1,164	1,144	1,137	1,134	-.15	-.17	0	0	.01

Compiled from data of Market News, Livestock Division.

Table 5 .--Prices received by farmers for hogs and corn, hog-corn price ratio and corn support prices, Aug.-Nov., 1956 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.
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	13.80	13.30	12.60	12.10	1.13	1.09	.990	.982
1960	16.40	15.60	15.90	16.60	1.07	1.06	.991	.866

Year	Hog-corn price ratio				Corn support price per bushel 1/		
	Aug.	Sept.	Oct.	Nov.	For compliers		For non-compliers
					Dol.		Dol.
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	12.2	12.2	12.7	12.3		1.12	
1960	15.3	14.7	17.1	19.2		1.06	

1/ National average support prices for farmers complying or not complying with their acreage allotments.

Early farrowings will be up more than late farrowings according to plans in 10 of the Corn Belt States. The 6 percent prospective gain in spring farrowings in these States is made up of 8 and 5 percent increases in December to February and March to May litters respectively.

Thus the trend toward more evenly distributed farrowings throughout the year is probably being resumed after a one-year interruption in 1960. Farrowings in December-February made up 30 percent of the entire spring crop in 1955. In 1960, 37 percent of the sows farrowed in these months, slightly less than in 1959. If hog producers in 1961 actually follow farrowing intentions in 10 States, early pigs will make up a record proportion of the total spring pig crop.

Table 2 shows the number of sows farrowing each month for both spring and fall crops, 1955 to date. These estimates as well as the number of pigs saved and pigs saved per litter have been revised from those previously published. Revisions are based on data obtained from the Census of Agriculture taken in the fall of 1959 and on other data which have become available. Hog production was generally lowered by the revisions, with changes centered largely in Southern and Western States. Some North Central States were revised upward. The slightly lower U. S. pig crop numbers will require a downward revision in the official estimates of farm slaughter and death losses of hogs and pigs but will not affect the official estimates of commercial slaughter.

Next Summer-Fall Hog Slaughter To Exceed 1960

The rate of hog slaughter is expected to stay below 1960 until about mid-year, when marketings from the late 1960 fall farrowings will begin. Farrowings in October and November were above the previous year (table 2). Following this, slaughter supplies will come from early spring pigs. Although hog prices will advance seasonally this summer, they will probably not average much different from last summer. And if the spring crop turns out no larger than now seems likely, the seasonal price decline this fall should be about usual for that time of year. No price collapse is in view although prices will average notably below 1960 fall prices.

Cattle Slaughter At High Level

Cattle slaughter picked up considerably during 1960 and since May has been above year-earlier levels. Monthly commercial slaughter held below record rates set during 1955-57 although September slaughter in federally inspected plants was a new high for that month.

Three factors have contributed to the higher slaughter rate this past year, and may continue to have an influence on slaughter this winter.

First, fed cattle marketings have been large. The number of cattle and calves on feed in each quarter this year has continued to show a gain over a year before. Fed cattle marketings have largely duplicated this pattern, although sales the final quarter of 1960 eased off. Feeders have apparently tried to avoid holding cattle too long and have marketed at lighter weights. The average weight of slaughter steers sold out of first hands at 12 markets was below a year earlier through August, but has been close to or above a year before since the slowup in marketings. At Chicago, average steer weights increased noticeably during November and December (table 4).

A second reason for large slaughter is the speeded-up rate of marketing all kinds of cattle. More grass steers and heifers went directly to slaughter this fall instead of into feed lots or for roughing through the winter. Moreover, the 3-year upswing in cattle numbers together with an apparent easing in the rate of herd buildup has meant increased supplies of all classes of cattle and calves available for slaughter.

The third reason for expanded slaughter is associated with the increase in numbers and poor pasture feed conditions this past summer in parts of the West. Many producers stepped up sales rather than face the prospect of buying hay or other feeds during the winter. Cow slaughter especially was boosted by dry weather and in July-September was nearly a third larger than a year before.

Steer slaughter in federally inspected plants reached a record rate of 995,000 head in August and heifers posted a new high in October. Cow slaughter has been above a year earlier since February but well below the liquidation rates set in 1955-57. Calf slaughter has been larger than a year earlier since August but well below record rates.

A high slaughter rate that includes all classes of cattle--particularly cows and calves--is typical of the peak phase of the cycle in cattle numbers. However, slaughter has not been large enough relative to the size of our present herd to turn inventories downward, and cattle numbers will show a new high as of January 1, 1961.

Cattle Slaughter To Decline Seasonally; Little Price Change Likely

Cattle slaughter this winter is expected to decline seasonally but will likely continue above a year earlier. It will probably include more fed cattle but grass cattle will provide much of the expected increase.

Cattle prices have strengthened during the last couple months, in contrast to a decline late in 1959. As a result market prices of many classes and grades are close to or even a little above a year ago. The average price to farmers for beef cattle in December was $20.30 for 100 pounds, 50 cents above December 1959. Cow prices were below, but the average price for steers and heifers at $23.40 per 100 pounds was $.80 above a year earlier. Calf prices were down from last year.

It currently appears that about as many or slightly more cattle are being fed this winter than last. October-November shipments of stocker and feeder cattle and calves into 8 North Central States were nearly 3 percent larger than during those months in 1959. Stocker and feeder sales at 10 markets during these months, however, were down from a year earlier. On October 1, the number on feed in 26 feeding States was only 1 percent larger than October 1959. The easing off in marketings in fed cattle in recent weeks indicates that market supplies this winter will be a little larger than last. Prices are expected to remain relatively stable for some weeks and will probably not duplicate the steady uptrend in prices occurring in early 1960.

Prices for cows and stocker and feeder cattle usually pick up to a spring-time high and will probably do so this year. However the increase may be less than the strong advance recorded a year earlier. Much depends on price trends for fed cattle and the disposition of cattle now on wheat pastures. If the generally excellent conditions should deteriorate making it necessary to move many of these cattle, it could have a noticeable effect on marketings. If the bulk of such marketings moved to slaughter rather than into feed lots, it could prevent much of the prospective improvement in prices.

Lamb Prices To Rise Seasonally

Prospects are that sheep and lamb slaughter this winter will decline seasonally and will probably be about as large as last winter. Under these conditions, lamb prices stand a good chance of a rather strong seasonal advance and by spring may once again be as high, or nearly so, as those of a year earlier.

Sheep and lamb slaughter usually increases to a fall high and did so in 1960. Slaughter has been above year-earlier levels since May and was probably large enough to about halt the uptrend in sheep and lamb numbers. Slaughter since July has been about 10 percent larger than in the same period in 1959. Since the 1960 lamb crop was estimated at 2 percent larger than the 1959 crop, the number of sheep and lambs remaining on farms January 1 was little if any larger than January 1960. A larger part of these are likely being retained for grazing on wheat pastures. The number of feeder sheep and lambs received in 8 Corn Belt States in July-November was 12 percent more than a year before but many of these had been sold for slaughter by the year's end.

USDA Purchases of Beef and Lard in 1960

During the fall and early winter of 1960, the U. S. Department of Agriculture procured 46.4 million pounds of frozen ground beef, 33.2 million pounds of canned beef and gravy, and 42,000 of frozen ground lamb for distribution to schools participating in the National School Lunch Program. A total of $34.7 million of the $45 million transferred by Congress from Section 32 (surplus removal) for use under the National School Lunch Act was spent for these products. During the same period the U. S. Department of Agriculture also purchased 23.1 million pounds of lard for distribution domestically to needy persons and institutions. About $3.2 million of Section 32 funds was used for lard. In November, meat purchases for schools and the lard purchase program were suspended.

This fall's purchases, together with the 29 million pounds of lard procured in March and April, brought the total purchases of meat products and lard during 1960 to almost 132 million pounds. About $41 million was spent for these products.

USDA Revises Regulations on Smoked Meat Products

The U. S. Department of Agriculture has revised Federal regulations to permit the production and marketing of smoked hams, pork shoulders, pork shoulder picnics and pork shoulder butts with up to 10 percent added moisture. The revised regulations permit federally inspected packers to compete more fully with noninspected plants in meeting consumer demand for juicier smoked meats.

World Meat Consumption and Trade

According to a report by the Foreign Agricultural Service, world meat consumption continued to increase during 1959 because meat production has been increasing faster than population for several years. Production increased 3 percent during 1959 and was 23 percent above the 1951-55 average.

Per capita consumption rose in 21 or two-thirds of the countries for which detailed estimates have been made. Expanded meat output and the relatively high livestock prices have been a result of increasing consumer incomes throughout the world and the desire for a better standard of living in important meat producing countries.

As in the past, there were great variations from country to country in average meat consumption per person. Australia and Uruguay each had a per capita consumption rate of 234 pounds while meat consumption was only 9 pounds per person in Japan. Table 6 shows the ranking of 11 countries with the highest per capita meat consumption.

Consumption in Argentina, in fourth place, fell to only 166 pounds from 237 pounds in 1958 as production declined sharply and meat prices were decontrolled. Other countries in addition to Japan with low level of meat consumption were the Philippines (22), Spain (36), Greece (40), Portugal (44) and Yugoslavia (46).

Approximately 49 percent of the meat consumed in the world, excluding Communist China, is beef and veal, 42 percent is pork and 8.5 percent is lamb, mutton and goat. Less than one-half of 1 percent is horsemeat.

Although the United States is the fifth ranking country in the world for per capita consumption of meat it is by far the largest meat producer. The United States consumed around 29 percent of the world's meat in 1959, 32 percent of the beef and veal, 28.5 percent of the pork but only 9 percent of the lamb, mutton and goat.

The United Kingdom is the largest meat importer in the world. Shipped in supplies made up about 47 percent of consumption in 1959.

Table 6.--Per Capita consumption by type of meat in 11 selected countries, 1959

Country	Class of Meat				
	Beef and veal	Pork	Lamb, mutton, and goat	Canned meat	Total 1/
	Lb.	Lb.	Lb.	Lb.	Lb.
Uruguay	181	17	36	2/	234
Australia	119	21	87	7	234
New Zealand	99	34	89	2/	222
Argentina	135	14	17	2/	166
United States	87	68	5	2/	160
Denmark	53	91	1	2/	3/147
Canada	72	58	3	5	138
Paraguay	134	---	---	2/	134
United Kingdom	47	44	26	14	131
France	60	53	6	2/	3/124
West Germany	42	67	1	2/	3/111

1/ Beef, veal, lamb, mutton, goatmeat and pork (excluding lard). 2/ Included with other types. 3/ Includes horsement, in addition to other types shown.

RETAIL MEAT OUTLOOK

The average retail price of pork is currently above but the price of Choice beef is nearly the same as a year ago. Choice beef prices have been above pork prices since mid-1954 but the margin narrowed during 1960 from about 30 cents a pound to about 20 cents (table 7 and chart page 16).

In November the Bureau of Labor Statistics index of retail meat prices was 115.7 (1947-49=100), up 2 percent from November 1959. The Department's index of prices received by farmers for meat animals in November was 289 (1910-14=100) or 5 percent above a year earlier.

Retail meat prices in urban centers in November as reported by BLS were below a year earlier for all meat items except frankfurters and pork cuts. Most beef items were priced about 3 cents per pound under November 1959. Pork items were retailing at from 2 to 8 cents above a year before. Wholesale prices for beef and veal carcasses increased slightly during December but lamb carcasses have trended lower.

Meat Prices To Average Above Last Winter

It seems almost certain that retail prices for meat during the next few months will be higher than in early 1960, particularly for pork. Retail beef prices this winter are expected to change little from recent levels and to continue close to early 1960 prices. Moreover, beef supplies will be ample throughout 1961. Hence, there may be relatively short periods of higher prices in 1961 but, over all, prices will continue to trend lower as they have this past year.

Retail pork prices rose rather steadily during the first half of 1960 to climb above a year earlier by midyear. Somewhat lower pork prices are likely this winter but prices are expected to fluctuate within relatively narrow limits during the next several months and to continue above last winter's prices.

Retail price for leg of lamb in November (BLS) was slightly below November 1959. Since that time wholesale prices for lamb carcasses have declined slightly. Retail lamb prices will likely increase seasonally this winter and early spring as lamb production eases off. However, the rise in prices will be tempered by relatively stable prices for other meats and will probably be less than in early 1960.

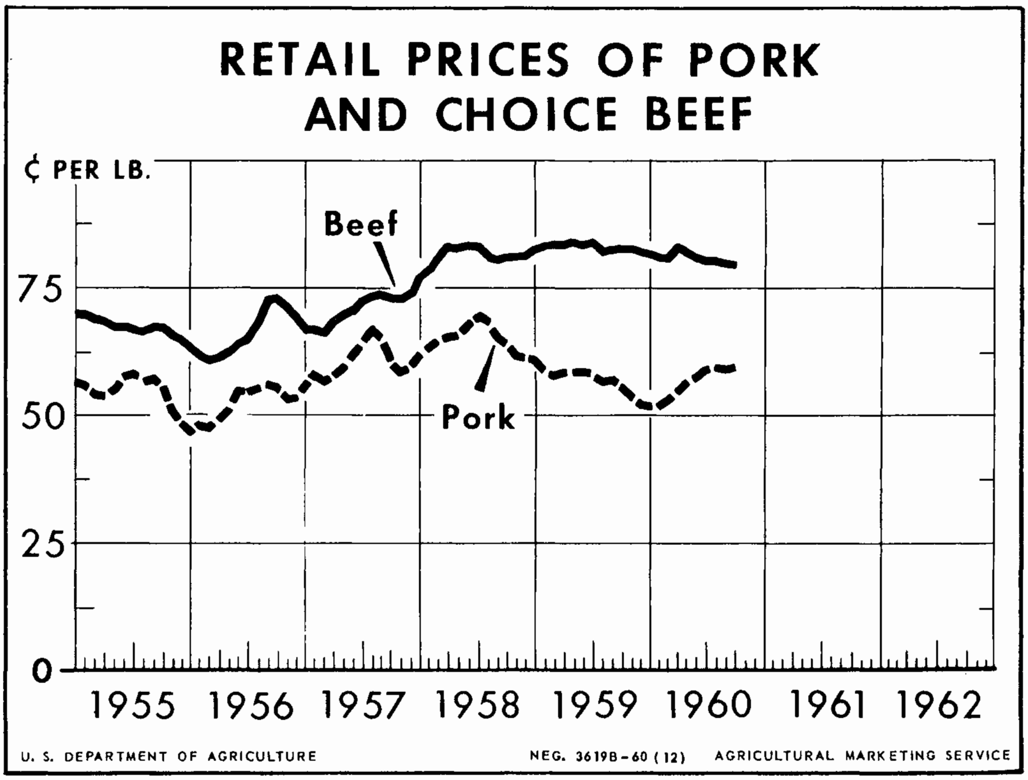
January-November commercial meat production totaled 24,726 million pounds, 5 percent larger than a year earlier. Output in December was probably less than in December 1959. Less meat moved into storage but smaller net imports were added to supplies for consumption. As the total gain in meat supplies was greater than the gain in population, consumption per person in 1960 totaled about 161 pounds, compared with 160.1 pounds in 1959.

Total meat consumption in 1961 is expected to be around 165 pounds. Most of the gain will be in beef and much of the increase will occur in the last half of the year.

Table 7.--Average retail price of pork and Choice beef per pound, by months, 1956 to date

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.
	Pork, excluding lard												
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	63.4	61.8	61.4	64.8
1959	61.1	58.7	57.5	58.0	58.2	58.5	58.1	56.5	57.2	55.5	53.8	52.2	57.1
1960	51.9	51.9	53.0	54.8	56.1	57.6	59.0	59.7	58.7	59.0	58.5		
	Beef, Choice grade												
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	80.7	81.0	81.3	81.0
1959	82.6	83.3	83.2	83.3	83.7	83.3	83.6	82.0	82.1	82.2	82.3	81.9	82.8
1960	81.5	81.0	81.2	82.6	81.6	81.0	80.4	80.4	79.6	79.4	79.3		

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



Outlook for Sausage Meat

Sausage products under Federal inspection totaled approximately 2,380 million pounds in 1960, 2 percent more than a year earlier. Increases in frankfurters and other smoked or cooked sausage (bologna type) accounted for most of the gain. Output of fresh finished items, which contain pork, was down from a year earlier as domestic pork production fell below a year before. Domestic production of the kinds of beef used in processing increased and, as a result less meat was imported.

Sausage production is declining and will probably reach a seasonal low this winter. The weekly rate of sausage output, including canned sausage items, declined from nearly 50 million pounds in May to 43 million pounds per week near the end of 1960.

Production of the grades of beef used in manufacturing will be somewhat smaller this winter than in recent months but will be above a year earlier. Cow slaughter will be up as will slaughter of other unfinished cattle. Pork trimmings will be less plentiful than last year.

Imports of meat will probably continue smaller this winter than last. Increased availability of domestic supplies plus strengthening world demand for meat will likely mean smaller imports of beef. Pork production in Canada, our principal foreign supplier, is also cyclically low and U. S. imports are running below a year ago.

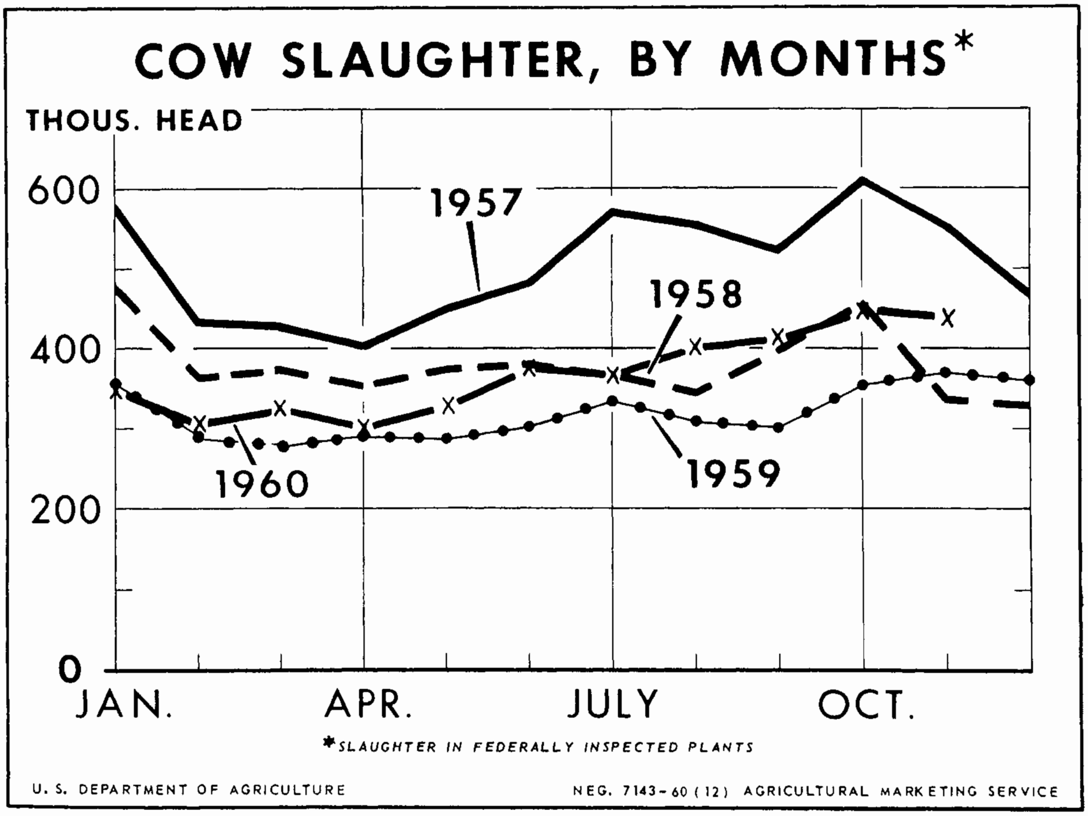


Table 8.--Cattle and hog slaughter, meat imports and stocks, and sausage production, by quarters 1959 to date

Period	Federally inspected slaughter								
	Cattle						Hogs		
	Total			Cows					
	1961	1960	1959	1961	1960	1959	1961	1960	1959
	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.	1/4,900	4,578	3,995	1/1,200	978	928	1/17,000	18,474	17,304
Apr.-June		4,709	4,318		1,005	880		16,140	15,523
July-Sept.		5,161	4,546		1,172	943		14,672	15,929
Oct.-Dec.		2/4,950	4,600		2/1,300	1,085		2/16,900	19,952
Year		2/19,400	17,459		2/4,450	3,836		2/66,185	68,708

Period	Imports all meat 3/			Meat stocks in cold storage beginning of quarter 4/			Sausage production 5/		
	1961	1960	1959	1961	1960	1959	1961	1960	1959
	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.
Jan.-Mar.	1/160	168	206		544	462	1/600	581	545
Apr.-June		190	274		598	602		622	599
July-Sept.		232	277		591	582		604	610
Oct.-Dec.		2/175	197		403	408		2/575	565
Year		2/785	954					2/2,382	2,319

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, July 1960 to date

Meat and period	Commercially produced: Supply: Production	Supply: Beginning stocks	Supply: Imports	Distribution: Exports and shipments	Distribution: Ending stocks	Distribution: Military	Distribution: Civilian consumption: Total	Civilian consumption: Per person 1/	Total 1/: Production	Total 1/: Civilian consumption: Total	Civilian consumption: Per person
	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Lb.	Mil. lb.	Mil. lb.	Lb.
Beef:											
July	1,163	145	80	4	146	28	1,210	6.8	---	---	---
August	1,304	146	109	5	153	31	1,370	7.7	---	---	---
September	1,295	153	76	5	162	31	1,326	7.5	---	---	---
3rd quarter	3,762	145	265	14	162	90	3,906	22.0			3/ 22.5
October	1,259	162	53	5	172	27	1,270	7.1	---	---	---
November	1,188	172			168	25			---	---	---
December									---	---	---
4th quarter											
Veal:											
July	85	8	1	4/	8	2	84	.5	---	---	---
August	99	8	1	4/	8	2	98	.6	---	---	---
September	102	8	1	1	9	2	99	.6	---	---	---
3rd quarter	286	8	3	1	9	6	281	1.6			3/ 1.7
October	98	9	3	4/	11	2	97	.5	---	---	---
November	91	11			13	2			---	---	---
December									---	---	---
4th quarter											
Lamb and mutton:											
July	57	12	6	4/	13	4/	62	.3	---	---	---
August	65	13	6	4/	13	1	70	.4	---	---	---
September	68	13	2	1	13	4/	69	.4	---	---	---
3rd quarter	190	12	14	1	13	1	201	1.1			3/ 1.1
October	70	13	2	4/	12	4/	73	.4	---	---	---
November	63	12			12	4/			---	---	---
December									---	---	---
4th quarter											
Pork:											
July	723	351	17	8	294	12	777	4.4	---	---	---
August	849	294	14	10	221	15	911	5.1	---	---	---
September	845	221	14	12	158	14	896	5.0	---	---	---
3rd quarter	2,417	351	45	30	158	41	2,584	14.5			3/ 15.5
October	884	158	15	11	144	15	887	5.0	---	---	---
November	956	144			155	13			---	---	---
December											
4th quarter											
All meat:											
July	2,028	516	104	12	461	42	2,133	12.0	---	---	---
August	2,317	461	130	15	395	49	2,449	13.8	---	---	---
September	2,310	395	93	19	342	47	2,390	13.4	---	---	---
3rd quarter	6,655	516	327	46	342	138	6,972	39.2			3/ 40.5
October	2,311	342	73	16	339	44	2,327	13.1	---	---	---
November	2,298	339			348	40			---	---	---
December									---	---	---
4th quarter											

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	1959 November	1959 December	1960 October	1960 November	1960 December
Cattle and calves						
Beef steers, slaughter	Dollars per					
Chicago, Prime	100 pounds	27.94	27.22	25.89	27.14	27.97
Choice	do.	26.53	25.57	24.94	26.08	26.86
Good	do.	25.19	23.87	23.80	24.93	25.42
Standard	do.	23.20	22.26	21.88	23.01	23.16
Commercial	do.	23.09	20.87	20.12	23.95	23.63
Utility	do.	20.27	18.60	20.03	21.06	21.10
All grades	do.	26.31	25.26	24.83	26.00	26.61
Omaha, all grades	do.	24.49	23.78	23.29	24.38	24.71
Sioux City, all grades	do.	24.62	24.01	23.48	24.50	25.34
Cows, Chicago						
Commercial	do.	16.00	15.86	14.86	14.90	15.48
Utility	do.	14.20	14.79	14.24	14.31	14.98
Canner and Cutter	do.	12.47	13.63	12.26	12.78	13.04
Vealers, Choice, Chicago	do.	---	29.50	24.80	24.76	24.50
Stocker and feeder steers, Kansas City 1/	do.	23.34	22.51	21.59	22.54	23.61
Price received by farmers						
Beef cattle	do.	20.20	19.80	19.10	19.40	20.30
Calves	do.	23.70	23.10	20.80	21.40	22.50
Hogs						
Barrows and gilts						
Chicago						
160-180 pounds	do.	---	---	---	---	---
180-200 pounds	do.	12.92	12.20	17.50	17.71	18.07
200-220 pounds	do.	13.06	12.42	17.82	17.97	18.21
220-240 pounds	do.	12.88	11.97	17.81	17.87	17.80
240-270 pounds	do.	---	11.47	17.73	17.66	17.13
270-300 pounds	do.	---	---	---	---	---
All weights	do.	12.75	11.87	17.60	17.65	17.49
8 markets 2/	do.	12.61	11.86	17.30	17.36	17.27
Sows, Chicago	do.	10.08	8.88	14.65	14.33	13.13
Price received by farmers	do.	12.10	11.30	16.90	16.60	16.20
Hog-corn price ratio 3/						
Chicago, barrows and gilts		11.6	10.8	16.3	18.4	
Price received by farmers, all hogs		12.3	11.8	17.1	19.2	17.8
Sheep and lambs	Dollars per					
Sheep	100 pounds					
Slaughter ewes, Good and Choice, Chicago	do.	4.15	4.57	4.55	4.97	5.68
Price received by farmers	do.	5.25	5.30	4.69	4.81	5.29
Lambs						
Slaughter, Choice, Chicago	do.	19.26	17.84	18.33	17.46	17.26
Feeder, Good and Choice, Omaha	do.	18.13	17.10	15.98	15.95	15.78
Price received by farmers	do.	17.20	16.60	16.30	15.90	16.00
All meat animals						
Index number price received by farmers (1910-14=100)		276	268	288	289	296
Meat						
Wholesale, Chicago	Dollars per					
Steer beef carcass, Choice, 500-600 pounds	100 pounds	42.86	42.71	42.06	42.66	44.67
Lamb carcass, Choice, 45-55 pounds	do.	40.49	38.16	41.33	39.99	39.23
Composite hog products:						
Including lard						
71.90 pounds fresh	Dollars	15.35	14.63	19.37	19.72	19.77
Average per 100 pounds	do.	21.35	20.35	26.94	27.43	27.50
71.01 pounds fresh and cured	do.	19.08	18.40	22.98	23.27	23.34
Average per 100 pounds	do.	26.87	25.91	32.36	32.77	32.87
Excluding lard						
55.99 pounds fresh and cured	do.	17.16	16.65	20.80	20.99	21.12
Average per 100 pounds	do.	30.65	29.74	37.15	37.49	37.72
Retail, United States average	Cents					
Beef, Choice grade	per pound	82.3	81.9	79.4	79.3	
Pork, excluding lard	do.	53.8	52.2	59.0	58.5	
Index number meat prices (BLS)						
Wholesale (1947-49=100)		90.2	88.0	97.6	95.6	
Retail (1947-49=100) 4/		113.5	111.7	116.0	115.7	

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	1959 November	1959 December	1960 October	1960 November	1960 December
Meat animal marketings						
Index number (1947-49=100)		151	134	162	149	
Stocker and feeder shipments to 8 Corn Belt States	1,000					
Cattle and calves	head	1,006	540	1,319	884	
Sheep and lambs	do.	249	141	616	215	
Slaughter under Federal inspection						
Number slaughtered						
Cattle	do.	1,462	1,552	1,746	1,625	
Steers	do.	750	840	882	790	
Heifers	do.	325	335	395	372	
Cows	do.	370	360	445	442	
Bulls and stags	do.	18	17	24	21	
Calves	do.	438	456	516	502	
Sheep and lambs	do.	1,070	1,182	1,353	1,192	
Hogs	do.	6,337	6,968	5,407	5,707	
Percentage sows	Percent	9	8	7	8	
Average live weight per head						
Cattle	Pounds	1,043	1,052	1,022	1,035	
Calves	do.	200	196	210	196	
Sheep and lambs	do.	98	101	96	99	
Hogs	do.	241	240	236	243	
Average production						
Beef, per head	do.	593	605	582	586	
Veal, per head	do.	114	112	117	109	
Lamb and mutton, per head	do.	48	49	46	48	
Pork, per head	do.	139	137	138	142	
Pork, per 100 pounds live weight	do.	58	57	58	58	
Lard, per head	do.	33	34	31	31	
Lard, per 100 pounds live weight	do.	14	14	13	13	
Total production	Million					
Beef	pounds	864	935	1,014	948	
Veal	do.	50	51	60	54	
Lamb and mutton	do.	51	58	62	57	
Pork	do.	877	955	745	809	
Lard	do.	209	238	167	179	
Commercial slaughter 1/						
Number slaughtered	1,000					
Cattle	head	1,899	1,999	2,239	2,108	
Calves	do.	681	701	802	775	
Sheep and lambs	do.	1,212	1,325	1,525	1,339	
Hogs	do.	7,473	8,259	6,452	6,793	
Total production	Million					
Beef	pounds	1,080	1,160	1,259	1,188	
Veal	do.	80	80	98	91	
Lamb and mutton	do.	57	64	70	63	
Pork	do.	1,028	1,125	884	956	
Lard	do.	235	268	192	204	
Cold storage stocks first of month						
Beef	do.	163	177	162	172	168
Veal	do.	8	9	9	11	13
Lamb and mutton	do.	12	13	13	12	12
Pork	do.	185	224	158	144	155
Total meat and meat products 2/	do.	421	477	403	402	410

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

Index to 1960 issues

Continued

Index to 1960 issues--Continued

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

POSTAGE AND FEES PAID

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