Livestock and Meat Situation

Economics, Statistics, and Cooperatives Service

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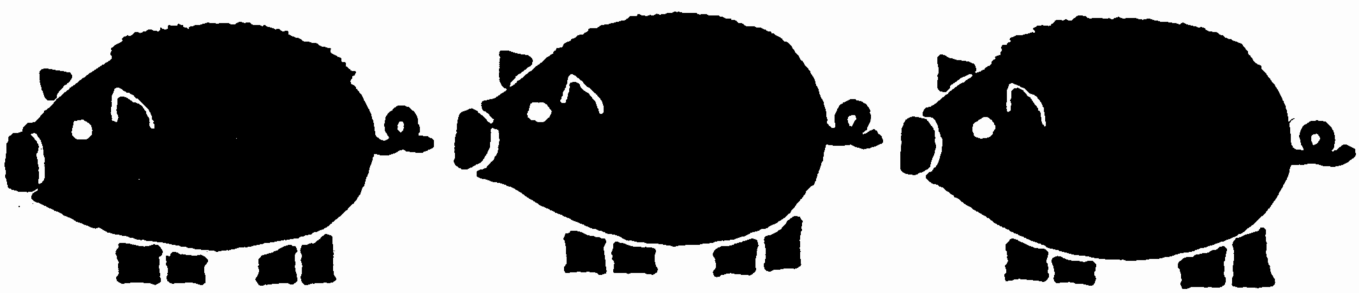

HOGS ON FARM JUNE 1, FARROWINGS AND PIG CROPS, UNITED STATES

Item	1978	1979	1980	1980/79
	1,000 head	*1,000 head*	*1,000 head*	*% change*
Inventory	55,220	65,110	65,930	+1
Breeding	8,864	10,403	9,528	-8
Market	46,356	54,704	56,402	+3
60 lb. lb.	20,922	25,241	25,300	0
60-119 lb.	11,303	13,203	13,701	+4
120-179 lb.	8,008	9,212	9,866	+7
180 + lb.	6,123	7,051	7,535	+7
Sows farrowing				
December-May	6,030	7,192	7,326	+2
June Nov.	6,395	7,335	[1] 6,716	-8
Pig crops				
December-May	42,452	50,669	52,951	+5
June-Nov.	45,990	52,317	[1] 48,355	-8
Pigs per litter				
December-May	7.04	7.05	7.23	+3
June-Nov.	7.19	7.13		

[1] Intentions.

LIVESTOCK AND MEAT SITUATION

CONTENTS

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Quarterly issues of the *Livestock and Meat Situation* will be published in February, May, August, and November. Additional issues containing summary tables will be published in January, April, July, and October.

SUMMARY

Meat and livestock prices averaged well below year-earlier levels during the second quarter of 1980—primarily because of record pork and poultry production, year-to-year increases in beef production, and declines in real consumer income. Record supplies allowed consumers to substitute meat whenever the price of one rose relative to another, keeping downward pressure on all meat prices. Retail pork prices, averaging about $1.25 per pound, were down 16 percent from a year earlier and the lowest since the second quarter of 1977. Beef averaged about $2.32 per pound, down 2 percent from a year earlier.

The drop in livestock prices at the producer level was even more severe. Hog prices in April and May fell below $30, about $15 below a year ago and the lowest price since June 1974. Fed cattle prices were about $10 below a year ago. These low prices continued to keep returns to producers below the cost of production and this is likely to result in a cutback in meat production later in the year.

Beef and broiler production will likely drop from year-earlier levels in the third quarter, and pork production may decline in the fourth quarter. However, total meat production will stay large with third quarter production remaining above year-earlier levels. Fourth quarter production, while falling slightly below 1979 levels, will still be up 1 to 2 percent from 1978.

Pork production is expected to continue above year earlier levels during the third quarter of 1980, but may fall from last years level by the end of the year. The June 1 inventory of market hogs and pigs was 3 percent above a year earlier. These hogs will be marketed over the next 6 months. The weight distribution indicates hog slaughter will be 5 to 7 percent above a year ago in the third quarter, but fall 1 to 2 from year-ago levels in the fourth quarter. The breeding inventory and farrowing intentions were both 8 percent below year earlier, suggesting hog slaughter will decline sharply in the first half of 1981.

Beef production in the second half of the year will

fall below year-earlier levels, reflecting the sharp reduction of cattle placed on feed during the first half of the year. The number of cattle on feed on June 1 in the 7-major feeding States was down 11 percent from a year earlier and the lowest June 1 number on feed since 1975. Fed beef production is expected to decline, but increased slaughter of cows and nonfed steers and heifers may offset most of this decline. However, continued hot, dry weather and deteriorating pastures could further boost nonfed slaughter.

With a seasonal drop in meat production this summer to near year-earlier levels and a year-to-year decline late in the year, second half 1980 livestock and meat prices are expected to be higher than they have been this spring. The retail price of pork in the second half of the year may average around 15 percent above this spring's low level, but it could still be only about 5 percent above a year earlier. On the other hand, beef prices could rise about 5 percent from the spring and be about 10 percent above a year earlier. At the producer level, hog prices rose from below $30 to the low $40's by the end of June. However, hog prices are expected to decline seasonally by late summer and average in the upper-$30's for the second half of the year, about the same as a year ago. Choice steer prices may average near $70, $3 to $4 above a year ago.

COMMERCIAL MEAT PRODUCTION AND PRICES

(All percent changes shown are from a year earlier)

	1979			1980			
	II	III	IV	I	II[1]	III[1]	IV[1]
Production							
Beef	5,076	5,222	5,416	5,244	5,260	5,100	5,400
% change	-15	-12	-10	-5	+4	-2	0
Pork	3,754	3,775	4,346	4,124	4,300	4,000	4,250
% change	+15	+19	+23	+21	+15	+6	-2
Lamb & mutton	71	69	73	81	80	70	70
% change	-7	-5	-4	+14	+13	+1	-4
Veal	98	99	100	91	87	75	80
% change	-34	-29	-25	-19	-11	-24	-20
Total red meat	8,999	9,165	9,935	9,540	9,727	9,245	9,800
% change	-5	-1	+1	+5	+8	+1	-1
Broilers[2]	2,844	2,855	2,665	2,722	2,925	2,775	2,575
% change	+12	+11	+9	+7	+3	-3	-3
Turkeys[2]	465	720	725	374	550	755	720
% change	+17	+6	+7	+38	+18	+5	-1
Total red meat & poultry	12,308	12,740	13,325	12,636	13,202	12,775	13,095
% change	-1	+2	+3	+6	+7	+1	-2
Prices							
Choice steers, Omaha, 900-1,100 lb.	72.51	65.88	66.86	66.85	64.50	68-70	68-72
Barrows & gilts, 7 markets	43.04	38.52	36.39	36.31	31.10	37-39	38-41
Slaughter lambs, Choice San Angelo	73.55	65.41	67.08	68.57	66.50	63-66	63-66
Broilers, 9-city average[3]	47.7	40.8	41.7	43.0	41.1	43-45	42-44
Turkeys, New York[4]	66.2	63.1	73.0	59.0	54.1	55-58	58-61

[1] Forecast. [2] Federally inspected. [3] Wholesale weighted average. [4] Wholesale, 8-16 lb. young hens.

LIVESTOCK AND MEAT OVERVIEW

Record large red meat and poultry production and declining real consumer income resulted in second quarter retail meat prices being lower than a year earlier and the first quarter of 1980. Real GNP declined at a near-record 8.5 percent annual rate during the second quarter. The decline in real GNP was precipitated by a sharp drop in consumer spending, as consumers increased their savings rates. Real GNP and personal incomes are expected to continue to decline in the coming months but the rate of decline will slow. Although meat production is expected to remain large in the second half, the rate of increase is likely to slow and livestock and poultry prices should increase, particularly in comparison with the low second quarter averages.

Expenditures for meats rose almost 3 percent from a year earlier during January-March of this year as per capita consumption rose to a record first quarter level. Preliminary estimates of expenditures for meat during April-June, show them dropping almost 4 percent below the year-earlier level. This is occuring even though per capita consumption is up from a year ago and at a record high level.

Some differences in expenditures by types of meats have been occurring. Per capita beef consumption has been declining while pork and poultry consumption have increased sharply. Even as consumers have shifted to purchasing more pork and poultry, the expenditures for beef have not declined as much as those for pork and poultry this spring.

Consumers are devoting a smaller percentage of their disposable income to meats this year. In both 1978 and 1979, a little over 4.3 percent of consumers' disposable income was spent on meats, up slightly from 1977 but down from all other years in the 1970's. The percentage of income that was spent on meats this spring probably will be around 4 percent, which would be lower than at any time in the 1970's.

HOGS

Record second quarter pork and poultry production, year-to-year increases in beef production, and declining consumer purchasing power caused April and May hog prices to be the lowest since June 1974. But as weekly hog slaughter declined seasonally in June, prices reached a high of $42, $12 higher than just a few weeks earlier. It is unlikely that prices can be maintained at or above $40 in coming months, so prices may average in the upper $30's for the second half of the year.

Pork and Hog Prices Decline in Second Quarter

Consumers found record supplies of red meat and poultry at meat counters this spring. Led by a 15-percent increase in pork production, red meat and poultry production increased 7 percent from a year ago. Beef production was up 4 percent although still well below 1976-78 levels. Broiler output rose about 3 percent and turkey output increased nearly 18 percent. With record supplies, consumers were thus able to substitute meats freely whenever the price of one rose relative to another, keeping downward pressure on all meat prices.

The Consumer Price Index (CPI) for meats (beef and veal, pork and other meats) in May declined 2.0 percent from January and was 5.1 percent below May 1979. The CPI for pork declined the most, down 7.1 percent from January and 13.7 percent from a year earlier. After deflating by the CPI for all goods, the real pork CPI in May was 25 percent lower than a year earlier and the lowest of the last 25 years. The May CPI for beef and veal was down 2.0 percent from May 1979 and the poultry CPI was down 6.1 percent.

Barrow and gilt prices fell below $30 per cwt. during April and May as record numbers of hogs were slaughtered. Hog slaughter under Federal Inspection (F.I.) exceeded 2 million head per week during the last 2 weeks of April, surpassing the previous weekly slaughter record set just last November. Slaughter continued large through May and exceeded 1.9 million head per week for the first 3 weeks of the month. But a sharp decline in slaughter occurred since then. There were 1.85 million hogs slaughtered in the first week of June, but only 1.68 million during the last week. This decline caused hog prices to rise from below $30 to the low $40's by the end of June.

June Inventory Record Large

The June 1 inventory of hogs and pigs on farms in the 50 States was estimated at 65.9 million head, up 1 percent from a year earlier and the largest June inventory since records began in 1964. The number of market hogs was 3 percent larger than a year ago, but the breeding inventory was down 8 percent. Thus, slaughter may continue at record levels through this summer but decline from year-earlier levels by yearend.

The inventory was boosted by a 5 percent increase in the December-May pig crop. Farrowings were up 2 percent and the number of pigs saved per litter increased 3 percent. Most of the increase came during the December-February quarter when the pig crop was 9 percent larger than a year ago. The March-May pig crop was only 1 percent larger and, except for a 2 percent increase in pigs saved per litter, would have declined because farrowings were actually down 1 percent. The increase in the number of pigs saved per litter can be attributed to a more mature breeding inventory and a mild winter.

Hog prices, costs, and net margins[1]

Year	Barrows & gilts 7 markets	Feed and Feeder	Break-even	Net margins
	$ per cwt.			
1977				
May	41.79	30.75	37.83	+3.96
June	43.86	34.91	42.43	+1.43
July	45.76	37.99	45.70	+.06
August	44.38	39.89	47.71	-3.33
September	41.40	39.25	47.21	-5.81
October	40.83	35.71	43.48	-2.65
November	39.33	34.15	41.96	-2.63
December	43.99	33.45	41.22	+2.77
1978				
January	45.99	31.89	39.58	+6.41
February	48.83	30.64	38.25	+10.58
March	47.50	31.63	39.31	+8.19
April	46.04	31.00	38.62	+7.42
May	49.17	33.44	41.33	+7.85
June	48.31	36.97	45.40	+2.91
July	46.78	41.37	50.09	-3.31
August	48.77	43.88	52.71	-3.94
September	50.00	43.58	52.26	-2.26
October	52.23	39.60	48.01	+4.22
November	48.36	38.71	47.12	+1.24
December	49.57	40.35	49.02	+.55
1979				
January	52.13	40.85	49.63	+2.50
Febuary	54.42	41.04	49.79	+4.63
March	49.38	39.56	48.27	+1.11
April	45.04	38.58	47.23	-2.19
May	43.79	37.67	46.43	-2.64
June	40.29	42.60	52.18	-11.89
July	38.73	43.17	52.85	-14.12
August	38.21	42.73	52.39	-14.18
September	38.62	38.58	47.83	-9.21
October	34.70	34.49	43.38	-8.68
November	36.01	33.58	42.32	-6.31
December	38.45	32.30	40.90	-2.45
1980				
January	37.49	33.96	42.73	-5.24
February	37.51	30.83	39.45	-1.94
March	33.94	31.98	41.04	-7.10
April	28.86	32.04	41.12	-12.26
May	29.50	33.71	43.13	-13.63
June	35.17	35.87	45.53	-10.36
July		33.29	43.11	
August		30.25	39.76	

[1] Selling price required to cover costs of feeding 40-50 lb. feeder pig to 220 lb. slaughter hog in Corn Belt.

The weight distribution of market hogs at midyear suggests the year-to-year increase in hog slaughter will diminish as the year progresses. The inventory of market hogs weighing 60 to 179 pounds was 5 percent larger than a year earlier. These hogs will be marketed mainly during the third quarter so third quarter slaughter may be up 4 to 6 percent, but the truck strike of June 1979 changed the usual relationship between the number of heavy hogs on farms and slaughter during the next month or so. Most of the hogs that weighed 180 pounds or more on June 1, 1979 would normally have been marketed by the end of the month, but a larger-than-normal share may have been marketed in July because transportation was limited at the end of June. Thus, the year-to-year change in slaughter this summer may be less than suggested by the inventory.

The number of market hogs weighing 60 pounds or less was unchanged from a year earlier, suggesting hog slaughter in the fourth quarter would be maintained at last year's record pace, but sow slaughter is expected to be down from the previous year. As a result, commercial hog slaughter may decline 1 to 3 percent from a year ago and total 24.5 to 25.0 million head.

Second Half 1980 Hog Prices Above Spring Lows

Although hog slaughter is expected to be above year-ago levels for the second half of the year, supplies of competing meats may decline. Fed cattle slaughter will likely drop 4 to 6 percent but increased slaughter of cows and nonfed steers and heifers may offset most of this decline. Consequently, beef production may be down only 1 to 3 percent. Broiler output may also be down from year-ago levels. This lower output of competing meats should be a strengthening factor for hog prices.

On the other hand, consumer demand for pork and all other meats still appears weak. The decline in interest rates may lead to some recovery in economic activity during the second half of the year, but rising unemployment and a higher savings rate by consumers may lead to a further decline in personal expenditures. The unemployment rate rose from 6.2 percent in March to 7.7 percent in June and is expected to rise further in coming months. The savings rate rose to 4.9 percent in May, up from 4.7 percent in April and 3.4 percent in January. If consumers continue to tighten their budgets and save a larger portion of their income, consumer spending would be further reduced. Such a reduction in consumer spending, however, may have more of an impact on purchases of durable goods than it does on meat purchases.

The declining interest rates may result in cold storage stocks of pork being kept at high levels, especially since the pork production is expected to decline sharply early in 1981. This could keep near-term hog prices higher than they might have been with higher interest rates. Consequently, hog prices may average in the upper $30's for the second half of the year. A contraseasonal price pattern may exist if hog slaughter declines from a year earlier in the fourth quarter. Thus, fourth-quarter prices may average $1 to $2 above third quarter.

Cash Receipts Decline in 1980

Cash receipts to hog producers rose to 9 billion dollars in 1979, up 3 percent from 1978. However, sharply lower hog prices during the first half of 1980 are likely to result in 1980 cash receipts declining 3 to 7 percent from a year earlier. Cash receipts during the first half of 1980 are estimated to be down 15 to 20 percent from the first half of 1979, as sharply lower hog prices more than offset increased marketings. In the second half of the year, marketings and hog prices may both exceed year-earlier levels, resulting in second half 1980 cash receipts increasing 2 to 6 percent from second half 1979 levels.

Lower Pork Output Likely for 1981

The June 1 breeding inventory and farrowing intentions suggest hog slaughter may decline sharply in the first half of 1981, resulting in higher hog prices. The inventory of hogs kept for breeding was 8 percent less than the previous year. Usually the June breeding inventory is larger than the preceeding December inventory, but this year it was about 100,000 head smaller. Increased sow slaughter during the first half of 1980 contributed to this decline. Sow slaughter under F.I. totaled 2.5 million head from December 1979 to May 1980, 30 percent above the same period a year earlier.

Hog producers in the 50 States indicated June-November farrowings may be down 8 percent from a year ago. In the 14 States providing quarterly intentions, producers indicated farrowings would be down 9 percent during June-August and 10 percent during September-November. Since sows that will farrow during June-August were bred before the survey was taken, actual farrowings may not differ significantly from intentions. However, there is still time for producers to change their plans for September-November farrowings. Hog and feed price trends since the survey will influence actual farrowings. Hog prices increased more than $10 during June after the survey was taken. But after sustaining losses since the summer of 1979, producers are not likely to significantly revise their production plans upward because of the recent runup in prices.

Hog producers continued to sell large numbers of sows through the first half of June. Sow slaughter as a percent of total hog slaughter under F.I. increased to 6.1 percent, up from 4.8 percent during the first 2 weeks of June 1979. If sow slaughter continues at or above this rate, actual September-November farrowings may be less than intentions unless additional gilts are added to the breeding herd.

If June-November farrowings are near intentions, first half 1981 pork production may decline about 10 percent from 1980 levels. This decline is not likely to be offset by larger beef or poultry output, so total meat production may decrease in the first half of 1981. This, along with expected improvements in the economy, will lead to higher hog prices. Hog prices may average in the mid-to-upper $40's during the first half of 1981, up from the low $30's of the first half of 1980.

Sow Slaughter Balance Sheet, 14 States

	1975	1976	1977	1978	1979	1980
	Million head					
December 1 breeding[1]	6.3	6.4	6.8	7.3	8.1	8.1
December-February						
Comm. sow slaughter[2]	.9	.7	.9	.9	.8	1.1
Gilts added	.7	1.0	1.1	.5	1.0	1.2
March 1 breeding	6.1	6.7	7.0	6.9	8.3	8.1
March-May						
Comm. sow slaughter[2]	.7	.6	.8	.8	.8	1.1
Gilts added	.8	1.0	1.2	1.3	1.2	.8
June 1 breeding	6.2	7.1	7.4	7.4	8.7	7.8
June-August						
Comm. sow slaughter[2]	.7	.7	.9	.9	1.2	
Gilts added	.5	.4	.7	1.0	.7	
September 1 breeding	6.0	6.8	7.2	7.5	8.2	
September-November						
Comm. sow slaughter	.8	1.0	1.0	.9	1.3	
Gilts added	1.2	1.0	1.1	1.5	1.1	

[1] December previous year. [2] 85% of estimated U.S. commercial sow slaughter.

CATTLE

Some of the problems faced by the beef cattle industry in the first half of 1980 are beginning to fade. Supplies of competing meats are begining to show signs of declining, the recession's sharpest decline in economic activity most likely occurred in the second quarter, and problems created by excess supplies of heavy fed cattle are expected to diminish in the second half of the year.

Second Quarter 1980 Production Up From 1979

Commercial cattle slaughter in April and May was 3 percent above a year-earlier. However, heavy dressed slaughter weights boosted production 5 percent above the same period of 1979. Producton was also bolstered by a larger nonfed steer and heifer slaughter. Slaughter and production in June were about equal to year-earlier levels as fed beef marketings apparently were large as the cattle from which DES implants were removed came to market. Production for the quarter was 4 percent above 1979 levels.

Cold storage stocks of beef on May 31 were 6 percent below a month earlier and 33 percent below year-earlier levels. This large drawdown in beef stocks probably was largely the result of the sharp increases in interest rates earlier this year. However, declining hog marketings in mid-June and lower interest rates likely encouraged a movement toward more normal levels of beef in the marketing channel during June. This should have helped to support and actually increase beef prices. Fed cattle prices began to strengthen in mid-June and are likely to continue improving as fed cattle marketings decline in the third quarter and cold storage stocks are brought back near last year's level.

Feedlot Placements Lag; Feedlot Marketings To Decline

Cattle placed on feed in the 7-major feeding States continued the trend of below year-earlier levels that began in October 1978. Net placements in May were nearly 15 percent below 1979 levels and 21 percent below 1978 levels. Iowa was the only State showing placements above a year earlier. The number of cattle on feed on June 1 and the number of fed cattle marketed in May were both at their lowest level for the respective periods since 1975.

Fed cattle marketings outside the 7-major feeding States have likely been somewhat greater this spring than in 1979, since the other 16 States that report quarterly had a higher proportion of the cattle on feed on April 1, 1980 than a year earlier and also a larger proportion of cattle on feed in the weight groups normally marketed during the quarter. Thus, fed cattle marketings in the 23 States may not be down quite as much as suggested by the 7 State marketings. However, even with the increased fed cattle marketings in June due to the delayed movement of cattle from which DES implants were removed, 23 State marketings for the quarter are expected to be below year-earlier levels.

Marketings in the second half of this year will drop well below a year earlier and first half 1980 levels, reflecting the sharply lower first half placement rates of this year.

Placements Expected To Increase

Increased fed cattle prices, especially since early June, lower interest rates, and lower than year earlier feeder cattle prices are expected to encourage larger second half 1980 feedlot placements. Reduced supplies of competing meats—beginning in the third quarter for broilers and later in the year for pork—raise the prospects for higher fed cattle prices. Negative feeding margins are expected to continue on cattle marketed through August, but, positive margins are likely for cattle placed on feed since mid March that will be marketed beginning in late summer. Supplies of cattle available for feedlot placement are also up. Reduced placements over the last several quarters resulted in 4 percent more feeder cattle outside feedlots on April 1, 1980 than a year earlier. The number outside feedlots on July 1 is expected to be even larger.

7 States Cattle on Feed, Placements, and Marketings

Year	On feed	Change, previous year	Net placements	Change, previous year	Marketings	Change, previous year
	1,000 head	*Percent*	*1,000 head*	*Percent*	*1,000 head*	*Percent*
1977						
Jan. . . .	8,213	-3.8	1,262	-1.6	1,602	+9.6
Feb. . . .	7,873	-5.8	1,250	-3.3	1,567	+2.5
Mar. . . .	7,556	-7.0	1,435	+15.0	1,710	-7.1
Apr. . . .	7,281	-3.3	1,470	-1.8	1,554	+2.8
May . . .	7,197	-4.2	1,335	+8.9	1,479	+0.6
June . .	7,053	-3.0	1,367	+7.0	1,546	+5.3
July . . .	6,874	-2.9	1,439	+29.3	1,442	-5.2
Aug. . .	6,871	+3.0	1,453	+7.2	1,598	+0.6
Sept. . .	6,726	+4.5	1,762	+8.9	1,530	+3.5
Oct. . . .	6,958	+5.8	2,771	+25.1	1,589	+6.6
Nov. . .	8,140	+11.5	1,915	-5.7	1,488	+11.6
Dec. . . .	8,567	+7.1	1,965	+16.5	1,605	+9.0
1978						
Jan. . . .	8,927	+8.7	1,437	+13.9	1,750	+9.2
Feb. . . .	8,614	+9.4	1,338	+7.0	1,676	+7.0
Mar. . . .	8,276	+9.5	1,664	+16.0	1,678	-1.9
Apr. . . .	8,262	+13.5	1,300	-11.6	1,701	+9.5
May . . .	7,861	+9.2	1,825	+36.7	1,673	+13.1
June . .	8,013	+13.6	1,626	+18.9	1,657	+7.2
July . . .	7,982	+16.1	1,489	+3.5	1,604	+11.2
Aug. . .	7,867	+14.5	1,642	+13.0	1,674	+4.8
Sept. . .	7,835	+16.5	2,352	+33.5	1,646	+7.6
Oct. . . .	8,541	+22.8	2,626	-5.2	1,865	+17.4
Nov. . .	9,302	+14.3	1,730	-9.7	1,717	+15.4
Dec. . . .	9,315	+8.7	1,567	-20.3	1,656	+3.2
1979						
Jan. . . .	9,226	+3.3	1,378	-4.1	1,875	+7.1
Feb. . . .	8,729	+1.3	1,135	-15.2	1,650	-1.6
Mar. . . .	8,214	-0.7	1,419	-14.7	1,685	+0.4
Apr. . . .	7,948	-3.8	1,255	-3.5	1,535	-9.8
May . . .	7,668	-2.5	1,633	-10.5	1,603	-4.2
June . .	7,698	-3.9	1,421	-12.6	1,557	-6.0
July . . .	7,562	-5.3	1,103	-25.9	1,462	-8.9
Aug. . .	7,203	-8.4	1,268	-22.8	1,634	-2.4
Sept. . .	6,837	-12.7	1,962	-16.6	1,384	-15.9
Oct. . . .	7,415	-13.2	2,241	-14.7	1,639	-12.1
Nov. . .	8,017	-13.8	1,690	-2.3	1,438	-16.2
Dec. . . .	8,269	-11.2	1,516	-3.3	1,331	-19.6
1980						
Jan . . .	8,454	-8.4	1,200	-12.9	1,697	-9.5
Feb. . . .	7,957	-8.8	1,051	-7.4	1,565	-5.1
Mar. . . .	7,443	-9.4	1,193	-15.9	1,480	-12.2
Apr. . . .	7,156	-10.0	1,117	-11.0	1,445	-5.9
May . . .	6,828	-11.0	1,394	-14.6	1,369	-14.6
June . .	6,853	-11.0				

Prices To Strengthen Moderately

Reduced beef supplies, some improvement in the economy, and a slowdown in the year-to-year gains in total meat supplies are expected to increase third quarter beef cattle prices from the second quarter lows. However, a continued weak economy with increasing unemployment rates and total red meat and poultry supplies remaining above 1979 production will hold down price gains in the third quarter.

Choice fed cattle prices at Omaha increased from the low $60's per cwt. in early April to near $70 in late June, with the increase occurring during June. Second quarter prices averaged slightly under $65 compared with the $66 to $67 quarterly average that had persisted since last summer.

While second quarter fed cattle prices declined about $2 from first quarter levels, 600-700 pound feeder steers at Kansas City declined nearly $10 per cwt. Yearling steers averaged over $80 per cwt. in the first quarter but only slightly above $70 in the

Steer prices, costs, and net margins[1]

Year	Steers Omaha	Feed & Feeder	Break-even	Net margin
	$ per cwt.			
1977				
April	40.08	37.86	43.66	-3.58
May	41.98	36.24	42.07	-0.09
June	40.24	37.73	43.58	-3.34
July	40.94	38.50	44.41	-3.47
August	40.11	39.28	45.31	-5.20
September	40.35	40.01	46.10	-5.75
October	42.29	41.46	47.65	-5.36
November	41.83	40.77	47.04	-5.21
December	43.13	38.88	45.09	-1.96
1978				
January	43.62	38.04	44.27	-0.65
February	45.02	36.92	43.12	+1.90
March	48.66	35.76	41.92	+6.74
April	52.52	35.80	41.95	+10.57
May	57.28	37.34	43.54	+13.74
June	55.38	38.57	44.82	+10.56
July	54.59	40.01	46.42	+8.17
August	52.40	42.03	48.70	+3.70
September	54.26	45.20	52.04	+2.22
October	54.93	47.74	54.71	+0.22
November	53.82	50.83	57.91	-4.09
December	55.54	49.63	56.66	-1.12
1979				
January	60.35	49.92	57.02	+3.33
February	64.88	50.59	57.81	+7.07
March	71.04	50.97	58.26	+12.78
April	75.00	51.72	59.04	+15.96
May	73.99	52.43	59.80	+14.19
June	68.53	55.33	62.88	+5.65
July	67.06	58.73	66.79	+0.27
August	62.74	61.90	70.39	-7.65
September	67.84	66.14	74.93	-7.09
October	65.81	68.02	77.02	-11.09
November	67.00	68.31	76.30	-9.30
December	67.78	64.70	73.40	-5.62
1980				
January	66.32	66.00	74.82	-8.50
February	67.44	62.70	71.32	-3.88
March	66.80	66.40	75.27	-8.47
April	63.07	63.89	72.84	-9.77
May	64.58	63.95	72.96	-8.38
June		64.37	73.42	
July		63.91	73.39	
Aug.		64.92	74.57	
Sept.		61.30	70.73	
Oct.		56.66	66.10	

[1] Selling price required to cover costs of feeding 600 lb. feeder steer to 1,050 lb. slaughter in Corn Belt.

second, remaining in a narrow range of $69 to $73 for much of the quarter. The second quarter price was well below the record high average of $87 in the spring of 1979.

Yearling feeder steer prices are expected to average in the mid-$70's this summer. Feeder cattle prices will increase in July if fed cattle prices improve and grazing conditions in most areas are good enough to hold down seasonal movements of feeder cattle. However, in late summer and fall as pastures deteriorate, larger movements of heavier feeder cattle and calves from this spring's calf crop will tend to hold down prices. Also, cattle feeders are unlikely to become aggressive bidders until the large losses suffered over the last year have been at least partially recouped.

Choice 900-1,100 pound steer prices at Omaha are expected to average in the upper $60's in the third quarter. Further increases may occur late in the quarter if the decline in the economy begins to ease and if cattle feeders increase their demand for feeder cattle sufficiently to reduce nonfed steer and heifer slaughter.

Retail beef prices averaged about $2.32 per pound in the second quarter, 1 percent below the year-earlier and first quarter averages. Large total red meat and poultry supplies are expected to continue to hold down beef price gains this summer and fall. However, some increase in retail prices can be expected in the second half of 1980. Retail beef prices are expected to average in the low to mid-$2.40's per pound in the third quarter before increasing to the upper $2.40's in the fourth quarter.

Supply and distribution of commercially produced meat, by months, carcass weight

Meat and period	Supply: Production[1]	Supply: Beginning stocks[4]	Supply: Imports	Distribution: Exports and shipments	Distribution: Ending stocks[4]	Distribution: Military	Civilian consumption: Total	Civilian consumption: Per person[2]
	Million pounds							*Pounds*
Beef:								
1979								
March	1,777	403	239	20	427	11	1,961	9.0
April	1,585	427	222	18	410	15	1,791	8.2
May	1,765	410	216	14	412	11	1,954	9.0
June	1,726	412	239	18	396	18	1,945	8.9
July	1,683	396	186	17	370	14	1,864	8.5
August	1.921	370	152	19	324	14	2,086	9.5
September	1,618	324	154	20	297	13	1,766	8.1
October	1,941	297	148	15	308	8	2,055	9.4
November	1,780	308	201	18	322	12	1,937	8.8
December	1,695	322	209	20	350	17	1,839	8.4
1980								
January	1,884	350	211	19	370	27	2,029	9.2
February	1,707	369	152	20	360	18	1,831	8.3
March	1,653	360	162	22	337	16	1,800	8.2
April		298			298			
Veal:								
1979								
March	38	9	3	1	9	1	40	.2
April	33	9	2	1	9	(3)	34	.2
May	33	9	2	1	9	1	33	.1
June	32	9	1	(3)	8	(3)	34	.1
July	34	8	1	(3)	8	(3)	35	.2
August	34	8	1	(3)	7	(3)	36	.2
September	31	7	1	1	7	1	30	.1
October	37	7	2	(3)	8	(3)	38	.2
November	33	8	3	(3)	9	(3)	35	.2
December	30	9	6	1	10	1	33	.1
1980								
January	33	11	2	(3)	11	1	34	.2
February	28	10	0	(3)	10	(3)	28	.1
March	30	10	1	(3)	9	1	31	.1
April		9						
Lamb and Mutton:								
1979								
March	27	11	5	(3)	12	(3)	31	.2
April	25	12	5	(3)	12	(3)	30	.2
May	25	12	3	(3)	13	(3)	27	.1
June	21	13	6	1	11	(3)	28	.1
July	23	11	3	(3)	12	(3)	25	.1
August	23	12	3	(3)	12	(3)	26	.1
September	23	12	3	1	11	(3)	26	.1
October	26	11	3	(3)	12	(3)	28	.2
November	24	12	3	(3)	11	(3)	28	.1
December	23	11	2	(1)	11	1	23	.1
1980								
January	27	11	2	(3)	10	(3)	30	.2
February	25	10	2	(3)	9	(3)	28	.1
March	28	9	3	1	8	(3)	29	.1
April		8						
Pork:[5]								
1979								
March	1,249	219	44	33	246	8	1,225	5.7
April	1,236	246	47	38	278	7	1,206	5.5
May	1,307	278	39	42	290	13	1,279	5.9
June	1,211	290	51	38	270	10	1,234	5.6
July	1,220	270	40	36	225	8	1,261	5.8
August	1,351	225	37	34	180	8	1,391	6.4
September	1,204	180	35	40	178	11	1,190	5.4
October	1,550	178	39	43	219	7	1,498	6.8
November	1,470	219	44	37	257	8	1,431	6.5
December	1,326	257	44	44	281	8	1,294	5.9
1980								
January	1,449	281	42	32	285	14	1,441	6.6
February	1,287	285	43	28	272	9	1,306	5.9
March	1,388	272	47	34		19	1,363	6.2
April	1,514	291						
Total Meat:								
1979								
March	3,091	642	291	54	694	19	3,257	15.0
April	2,879	694	276	57	709	22	3,061	14.0
May	3,130	709	260	57	724	25	3,293	15.1
June	2,990	724	297	57	685	28	3,241	14.8
July	2,960	685	230	53	615	22	3,185	14.6
August	3,329	615	193	53	523	22	3,539	16.2
September	2,876	523	193	62	493	25	3,012	13.7
October	3,554	493	192	58	547	15	3,619	16.6
November	3,307	547	251	55	599	20	3,431	15.6
December	3,074	599	261	66	652	27	3,189	14.5
1980								
January	3,393	653	257	51	675	42	3,535	16.1
February	3,047	674	197	48	653	27	3,140	
March	3,099	651	213	57	645	36	3,225	
April		647						

[1] Excludes production from farm slaughter. [2] Derived from estimates by months of population eating out of civilian food supplies. [3] Less than 500,000 lb. [4] Beginning 1977, excludes beef and pork stocks in cooler. [5] Includes stocks of canned meats in cooler in addition to the meats listed.

Selected price statistics for meat animals and meat

Item	1979 Aug.	1979 Sept.	1979 Oct.	1979 Nov.	1979 Dec.	1980 Jan.	1980 Feb.	1980 Mar.	1980 Apr.	1980 May
	Dollars per 100 pounds									
SLAUGHTER STEERS:										
Omaha:										
Choice, 900-1100 lb.	62.74	67.84	65.81	67.00	68.72	66.32	67.44	66.80	63.07	64.58
Good, 900-1100 lb.	57.48	60.49	61.27	62.35	63.06	61.89	62.54	62.85	59.06	60.25
California, Choice 900-1100 lb.	63.70	68.88	64.90	70.44	69.94	67.15	69.94	69.56	66.90	67.62
Colorado, Choice 900-1100 lb.	63.25	68.43	65.04	67.51	67.52	64.59	66.57	66.35	none	none
Texas, Choice 900-1100 lb.	63.50	68.80	65.49	68.15	69.66	67.17	68.80	67.75	64.92	67.32
SLAUGHTER HEIFERS:										
Omaha:										
Choice, 900-1100 lb.	60.94	65.90	63.87	65.02	66.50	61.30	66.21	66.05	61.84	62.48
Good, 700-900 lb.	55.13	59.58	58.42	59.38	61.41	60.77	61.44	61.61	57.77	58.61
COWS:										
Omaha:										
Commercial	46.70	48.64	46.80	45.66	46.15	46.99	50.41	47.96	44.92	41.86
Utility	48.33	49.65	47.71	46.49	46.98	47.94	51.22	48.80	45.73	42.78
Cutter	46.59	48.32	46.06	44.12	44.55	45.49	48.78	47.05	43.40	40.84
Canner	44.13	46.24	44.37	42.21	41.81	42.54	46.19	45.04	40.54	38.87
VEALERS:										
Choice, S. St. Paul	88.74	96.68	96.48	73.88	70.00	70.00	70.88	73.88	73.60	71.88
FEEDER STEERS:[1]										
Kansas City:										
Medium No. 1, 400-500 lb.	98.39	104.29	94.04	92.99	93.84	91.64	98.08	90.39	83.99	81.00
Medium No. 1, 600-700 lb.	79.31	85.34	81.29	82.44	82.80	80.52	83.18	77.62	69.87	69.18
Medium No. 2, 600-700 lb.	71.59	75.14	71.80	72.48	72.25					
All weights and grades	72.37	77.81	73.34	78.92	77.55	76.52	78.35	72.67	66.89	65.52
Amarillo:										
Medium No. 1, 600-700 lb.	76.13	80.88	78.43	80.78	80.85	79.63	82.62	77.81	68.05	68.58
Georgia Auctions:										
Medium No. 1, 600-700 lb.	70.10	74.88	70.20	71.12	68.50	73.00	79.88	69.88	63.50	61.62
Medium No. 2, 400-500 lb.	78.70	80.75	75.20	78.12	74.33	79.88	87.12	75.50	67.70	67.00
FEEDER HEIFERS:										
Kansas City:										
Medium No. 1, 400-500 lb.	79.39	86.53	79.02	77.36	78.66	77.54	83.00	74.92	68.72	67.45
Medium No. 1, 600-700 lb.	69.18	75.07	71.40	71.49	72.35	71.66	74.45	68.05	61.57	61.60
SLAUGHTER HOGS:										
Barrows and Gilts:										
Omaha:										
Nos. 1 & 2, 200-230 lb.	38.92	39.28	35.21	37.33	39.86	38.41	38.26	34.49	29.68	30.40
All weights	37.71	38.42	34.62	35.47	37.75	37.29	37.54	33.82	28.64	29.07
Sioux City	38.41	38.80	34.92	36.13	38.30	37.58	38.02	33.97	29.08	29.35
7 markets[2]	38.21	38.62	34.70	36.01	38.45	37.49	37.51	33.94	28.86	29.50
Sows:										
7 markets[2]	30.38	32.63	30.07	29.39	30.80	33.52	35.49	32.03	26.86	25.70
FEEDER PIGS:										
Nos. 1 & 2, So. Mo., 40-50 lb. (per hd.)	24.58	29.30	22.42	26.35	25.82	29.52	34.84	29.97	23.86	20.37
SLAUGHTER LAMBS:										
Lambs, Choice, San Angelo	62.65	67.75	66.50	66.63	68.12	67.40	66.31	68.62	65.50	61.75
Lambs, Choice, So. St. Paul	59.75	65.92	62.76	62.08	66.10	63.62	64.28	62.98	56.80	63.48
Ewes, Good, San Angelo	29.60	28.56	25.55	27.00	27.17	26.50	30.62	32.75	27.90	25.00
Ewes, Good, So. St. Paul	22.68	22.48	17.68	17.00	20.70	21.00	21.00	21.30	18.14	74.75
FEEDER LAMBS:										
Choice, San Angelo	71.00	74.25	70.00	73.00	79.83	77.88	79.00	70.50	64.00	57.42
Choice, So. St. Paul	66.50	68.42	70.04	67.82	69.70	71.10	68.50	68.50	57.46	50.00
FARM PRICES:										
Beef cattle:	62.20	66.80	64.60	63.90	64.40	63.90	66.60	64.30	60.20	60.00
Calves	87.20	90.00	86.90	86.30	84.30	85.60	90.80	83.20	74.70	75.30
Hogs	36.20	37.20	33.80	34.50	37.50	36.30	36.70	33.40	28.00	28.50
Sheep	24.30	26.50	27.20	26.30	24.00	25.30	27.80	25.80	22.40	24.90
Lambs	61.40	66.70	65.70	64.90	66.90	66.50	63.30	67.30	59.30	60.60
MEAT PRICES:										
Wholesale:										
Central U.S. markets										
Steer beef, Choice, 600-700 lb.	94.13	101.91	98.32	103.22	105.53	102.26	103.70	103.15	99.41	102.00
Heifer beef, Choice, 500-600 lb.	92.63	99.00	96.91	100.94	104.07	101.02	102.51	102.10	97.30	99.51
Cow beef, Canner and Cutter	103.50	94.62	97.59	96.17	96.72	98.98	101.00	97.69	92.68	87.70
Pork loins, 8-14 lb.	83.98	88.41	80.70	74.12	83.97	80.76	81.28	76.24	70.90	70.73
Pork bellies, 12-14 lb.	36.51	38.63	33.51	43.72	40.88	38.75	34.64	35.00	27.85	29.40
Hams, skinned, 14-17 lb.	66.84	70.64	75.84	87.91	80.15	64.94	66.81	67.08	56.46	0
East Coast:										
Lamb, Choice and Prime, 35-45 lb.	119.78	128.40	125.35	125.85	131.72	136.98	135.40	144.30	130.15	131.20
Lamb, Choice and Prime, 55-65 lb.	117.55	128.05	123.85	123.19	127.03	125.30	135.40	132.50	111.96	123.38
West Coast:										
Steer Beef, Choice, 600-700 lb.	100.01	108.14	103.53	111.15	110.57	106.75	109.71	109.36	105.24	107.44
Retail:										
Beef, Choice	220.9	226.6	224.3	226.2	232.6	234.5	234.8	236.2	233.3	230.4
Veal	293.2	298.2	296.6	298.5	299.8	301.6	303.8	305.9	310.2	310.0
Pork	135.9	135.6	134.3	132.2	136.3	135.3	133.2	133.3	127.8	123.6
Lamb	244.8	244.8	242.9	247.3	245.4	249.0	249.1	252.9	252.8	247.2
Price Indexes (BLS, 1967=100)										
Retail meat	237.8	238.1	238.6	237.4	242.3	244.1	245.7	245.7	242.6	239.2
Beef and veal	251.9	254.2	256.2	255.5	262.2	264.6	266.2	269.1	267.0	264.8
Pork	207.4	206.5	204.3	201.0	205.0	206.4	202.8	202.6	197.1	191.8
Other meats	243.5	240.2	240.7	242.0	243.0	243.2	244.7	245.8	243.9	240.2
Poultry	177.1	174.8	170.3	171.6	176.2	187.8	182.6	185.7	177.2	176.5
LIVESTOCK-FEED RATIOS, OMAHA[3]										
Beef steer-corn	25.7	26.5	28.1	28.9	28.7	29.3	29.1	29.9	27.2	
Hog-corn	15.4	16.2	14.6	15.3	16.0	16.5	16.2	15.2	12.3	

[1] Reflects new feeder cattle grades. [2] St. Louis, N.S.Y., Kansas City, Omaha, Sioux City, S. St. Paul, and Indianapolis. [3] Bushels of No. 2 yellow corn equivalent in value of 100 pounds liveweight.

Selected marketings, slaughter and stock statistics for meat animals and meat

Item	Unit	1979							1980				
		June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar	Apr.	May.
FEDERALLY INSPECTED:													
Slaughter:													
Cattle	1,000 head	2,553	2,492	2,860	2,390	2,837	2,593	2,470	2,739	2,486	2,403	2,539	2,616
Steers	1,000 head	1,380	1,289	1,470	1,205	1,395	1,254	1,265	1,444	1,333	1,303	1,373	1,389
Heifers	1,000 head	719	750	886	733	867	755	665	720	672	646	686	740
Cows	1,000 head	408	404	452	402	514	533	494	520	432	406	430	432
Bulls and stags	1,000 head	47	49	54	51	59	51	47	54	49	49	51	55
Calves	1,000 head	162	190	216	193	225	210	192	212	187	202	185	161
Sheep and lambs	1,000 head	371	384	415	410	455	386	389	449	419	470	466	454
Hogs	1,000 head	6,678	6,734	7,662	6,840	8,736	8,097	7,234	8,036	7,276	7,854	8.454	8,165
Percentage sows	Percent	5	7	7	6	6	7	7	6	5	—		
Average liveweight per head:													
Cattle	Pounds	1,064	1,061	1,060	1,064	1,075	1,080	1,087	1,097	1,097	1,192	1,086	1,084
Calves	Pounds	237	224	204	203	210	198	201	206	205	203	210	230
Sheep and lambs	Pounds	112	112	110	112	113	114	116	116	117	117	114	114
Hogs	Pounds	246	246	240	240	242	245	246	243	239	239	241	244
Average dressed weight:													
Beef	Pounds	642	640	640	642	648	646	648	653	654	651	650	649
Veal	Pounds	146	137	126	124	130	121	121	127	127	123	129	142
Lamb and mutton	Pounds	56	56	55	55	56	57	59	59	59	59	57	57
Pork	Pounds	175	175	171	170	171	174	175	173	170	170	172	173
Production:													
Beef	Mil. lb.	1,634	1,588	1,824	1,528	1,830	1,666	1,594	1,782	1,618	1,559	1,643	1,692
Veal	Mil. lb.	23	26	27	24	28	25	23	26	23	25	23	23
Lamb and mutton	Mil. lb.	20	21	22	22	25	22	23	26	25	28	27	26
Pork	Mil. lb.	1,168	1,176	1,302	1,159	1,492	1,403	1,260	1,386	1,234	1,330	1,446	1,410
COMMERCIAL:[1]													
Slaughter:													
Cattle	1,000 head	2,718	2,662	3,034	2,551	3,038	2,798	2,653	2,923	2,645	2,572	2,712	2,782
Calves	1,000 head	193	218	241	217	254	240	216	235	205	221	206	184
Sheep and lambs	1,000 head	386	400	433	428	474	403	403	462	431	485	485	469
Hogs	1,000 head	6,944	7,003	7,953	7,117	9,101	8,499	7,636	8,416	7,603	8,210	8,869	8,551
Production:													
Beef	Mil. lb.	1,726	1,683	1,921	1,618	1,942	1,780	1,695	1,884	1,707	1,653	1,739	1,785
Veal	Mil. lb.	32	34	34	31	37	33	30	33	28	30	30	29
Lamb and mutton	Mil. lb.	21	22	23	23	26	23	23	27	25	28	28	27
Pork	Mil. lb.	1,211	1,220	1,351	1,204	1,551	1,470	1,326	1,449	1,287	1,388	1,514	1,473
COLD STORAGE STOCKS FIRST OF MONTH:[2]													
Beef	Mil. lb.	404	388	370	321	298	308	322	350	369	360	337	296
Veal	Mil. lb.	9	8	8	7	7	8	9	10	11	10	9	9
Lamb and mutton	Mil. lb.	13	11	12	12	11	12	11	11	10	9	8	8
Pork	Mil. lb.	292	270	227	182	179	220	258	281	285	272	291	344
Total meat and meat products[3]	Mil. lb.	791	747	688	579	551	606	658	709	737	716	697	714
FOREIGN TRADE:													
Imports: (carcass weight)													
Beef and veal	Mil. lb.	240	187	153	154	150	150	214	213	152	163	132	179
Pork	Mil. lb.	51	39	37	35	39	44	44	42	43	47	45	40
Lamb and mutton	Mil. lb.	6	3	3	3	3	2	2	2	2	2	2	2
Exports: (carcass weight)													
Beef and veal	Mil. lb.	14.05	13.73	14.69	16.32	12.16	13.45	15.46	14.90	15.82	17.98	15.27	11.15
Pork	Mil. lb.	25.54	24.38	19.90	27.39	28.83	19.66	30.49	18.01	15.41	18.64	23.89	26.94
Lamb and mutton	Mil. lb.	.12	.08	.08	.11	.19	.16	.11	.05	.06	.19	.11	.12
Live animal imports:													
Cattle	Number	27,594	19,550	18,329	20,261	38,689	132,370	200,136	165,717	54,114	69,991	49,411	46,944
Hogs	Number	7,201	5,781	4,960	6,459	5,870	7,419	16,510	31,549	11,020	20,650	22,430	17,999
Sheep and lambs	Number	28	36	345	6609	3,728	2,787	642	0	653	60	26	20
Live animal exports:													
Cattle	Number	7,539	6,903	7,987	3,847	4,860	3,034	6,058	7,450	5,460	4,980	3,496	3,151
Hogs	Number	809	2,201	959	806	1,846	1,229	1,186	1,036	1,170	832	876	640
Sheep and lambs	Number	11,986	18,732	14,830	9,772	8,710	4,867	6,053	3,435	5,622	23,788	10,212	11,951

[1] Federally inspected and other commercial. [2] Beginning Jan. 1977 excludes beef and pork stocks in cooler. [3] Includes stocks of canned meats in cooler in addition to the meats listed.

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