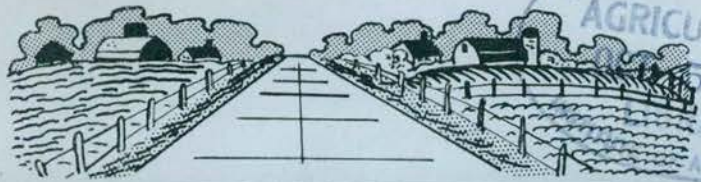


for
Minnesota Farmers



BEEF CATTLE

AGRICULTURAL EXTENSION SERVICE • UNIVERSITY OF MINNESOTA • INSTITUTE OF AGRICULTURE

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AT A GLANCE:

Fair to average labor returns are in prospect for beef feeders for the 1961-62 feeding year. Slaughter prices may average higher in 1962 than in 1961. A definite improvement in prices over last year is expected during the spring and summer months while fall prices will be near this years levels. Feeder cattle prices will about equal last years levels, and feed costs will increase slightly.

SITUATION

OUTLOOK

FAT CATTLE - 1961-62

. Cattle numbers have been increasing for 4 years and are expected to be at a new high of 98 million head on January 1, 1962. Major revisions were made in cattle number estimates for the past 5 years based on the count made during the 1959 farm census. According to the new estimate, cattle numbers have increased about 8 million head during the past 4 years.

. Consumer preference for beef has evidenced itself in a very pronounced increase in the demand for beef during the past decade. The trend in per capita consumption of beef has increased at the rate of 2.6 pounds per year with very small change in the retail price trend.

. Counts of cattle on feed this year have consistently indicated higher numbers than the previous year. However, on July 1 the number of cattle on feed weighing less than 700 lbs. was below year ago levels. Also, the number of lightweight feeders sold at the 10 major markets during the June-August period was considerably below the same period in 1960.

. Slaughter supplies were up 5% for the first seven months of 1961. Average slaughter weights were up 22 pounds per head. Large marketings of heavy, well finished cattle brought prices of these kinds down unusually close to those of lower quality cattle during the late spring and early summer months. Heavy supplies of poultry meats added to the general decline of prices.

. The January 1 increase in cattle numbers should, under normal circumstances, result in only a slight increase in the number slaughtered during the coming year.

. A continued increase in consumer preference for beef coupled with a growing population and an up-trend in economic activity will result in a very strong demand for beef during the coming year.

. The small change in market supplies expected, when matched with the increasing demand, adds up to somewhat higher beef prices in 1962. Most of the difference will show up in a stronger spring and early summer market, with fall markets expected to be about the same as this year.

. Pressures of heavier marketings during the remainder of 1961 will tend to hold fed cattle prices near present (September 1) levels.

. We expect that the October 1 count will find more heavy cattle on feed but fewer in weight groups below 900 lbs. Thus, fed cattle marketings may drop below year ago levels by the end of this year, and continue below for most of the first half of next year.

. On this basis fat cattle prices could be expected to reach year ago levels again by the end of February and range \$1.00 to \$3.00 above through the spring and summer months.

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SITUATION

OUTLOOK

FEEDER CATTLE

. The 1961 calf crop was 1% larger than 1960 and the largest since 1957. Beef-type calves were up 2% because of the continued shift toward beef cattle. Also, calf slaughter during the first half of this year was 2% below a year ago.

. The potential supply of yearling feeder cattle for the fall market is actually somewhat less than a year ago. Also, many yearling feeders have already moved into feedlots.

. Cattle imports from Canada and Mexico were below year ago levels for the first half of this year. However, Canadian drought conditions may result in a larger movement of feeders into the U. S. during the next few months.

. The distribution of cattle in the western states is such that there are many more cattle under favorable feed conditions than under adverse conditions. As was true last fall, most of the "wheat pasture area" has excellent soil moisture conditions.

. The new feed grain program is expected to (1) buoy up feed grain prices and (2) provide an alternative market for corn of farmers under compliance.

. The larger calf crop, lower slaughter rate, and slower movement to date of calves all point to a considerably larger number of feeder calves being available for feed lot replacements in the coming months. Supplies of yearling steers and heifers will probably be lower than last year.

. Low returns from cattle feeding the past season, present low fat cattle prices, and the alternative of storing a sound corn crop, are all factors which would indicate a cautious buying attitude.

. The eagerness of some farmers to buy early... because of last years price pattern, ...and an expected high level of purchasing for wheat pasture grazing will tend to hold feeder prices near present levels for the early fall months.

. However, when the larger supply of calves meets the more cautious demand of feeders we feel that calf prices will move down about \$2.00/cwt. from present levels.

PROFIT PROSPECTS

Table 1. Comparative Labor Returns Per Head

	GD-CH Calves 425-1025#	GD-CH Yearlings 650-1150#	
		Early purchase	Late purchase
1960-1961			
Purchase Price	\$27.00	\$24.00	\$24.50
Net Sales Price	22.50	24.00	22.00
LABOR RETURN	11.00	24.00	-2.00
1961-1962 (Projected)			
Purchase Price	27.00		24.00
Net Sales Price	22.50		24.00
LABOR RETURN	8.00		21.00

. Profit prospects on good to choice yearling cattle that are laid into the feedlot for less than \$25 /hundredweight look quite good.

. Unless feeder calf prices weaken from September 1 levels, the average feeder can expect very little if any labor returns from calf feeding. If, however, calves can be laid in for \$25-27.00, average labor returns, appear likely at this time.