

# What's AHEAD for Minnesota Farmers

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BEEF CATTLE

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AT A GLANCE: Below average labor returns are in prospect for beef feeders for the 1962-1963 feeding year. Slaughter prices may average lower in 1963 than in 1962. Prices for fed cattle are expected to be below last year's levels for the first 8 to 9 months of the year. Feeder cattle prices will be higher and feed prices will be about the same as last year's levels.

SITUATION

OUTLOOK

## SLAUGHTER CATTLE 1962-1963

Cattle numbers are expected to reach a new high of 101.5 million head on January 1, 1963, a 2% increase over January 1 levels of this year. This will be the fifth year of increase which started at 91.2 million head on January 1, 1958.

The total number of steers and heifers slaughtered in the first half of this year exceeded last year by 4%. But total beef production was up less than 3% because these cattle were marketed at lighter average dressed weight than last year. Consumer demand for beef continued strong. The result was a stronger price picture during the first half of 1962 in comparison to year earlier levels. Since February the price of 900 to 1,100 pound choice steers ranged from \$2.00 to \$2.50 per cwt. above year earlier levels.

Counts of cattle on feed on July 1, 1962, were 6.04 million head, 4% more than a year ago. The 18% increase in 11 western states more than offset a 2% decrease in the north central states. However, on July 1 the 1.6 million head of cattle on feed weighing less than 700 pounds was 27% greater than year ago levels. These cattle will be marketed after the first of the year. The 2.6 million head on feed weighing 700 to 900 pounds was up 1% and will be marketed during the fourth quarter this year. The 1.7 million head on feed weighing over 900 pounds (to be marketed July-Oct.) was down 9%.

Placements of cattle on feed during this summer quarter may be less than 1961 levels. Less 2-year-old feeder steers are available for feedlot replacement and feeders are moving off range later this year. This is important

Barring unforeseen developments, next year will be characterized by trends of increasing cattle numbers, larger supplies of slaughter cattle, increased marketing of cull cows, and slightly weaker prices during the first 8 to 9 months of 1962. Beef supplies will likely increase 2 to 3% in 1963.

Commercial slaughter this year probably will average 2% above 1961. Per capita consumption of beef is expected to reach 88 pounds in 1962 — little change from 1961.

Marketings of fed cattle are expected to increase over year earlier levels by the end of the year. Pressures of heavier marketings may move prices of fed cattle near last year's levels by December. Cow slaughter is expected to exceed year earlier levels and cause additional downward pressure on prices of lower grade cattle this fall. Price differentials between standard and choice grade could widen to \$4 to \$5 per cwt. this fall.

Fed cattle prices are likely to be \$1 to \$2 per cwt. below year earlier by February and are expected to continue below year earlier levels during the first 8 to 9 months of 1963. During the latter months of 1963 slaughter prices could average close to this year's levels.

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because about one-third of the cattle put on feed July-Sept. are normally marketed by the end of the year.

### FEEDER CATTLE

. The 1962 calf crop was 2% larger than 1961 and largest since 1957. The calf crop in the northern plain states increased 2.5% over last year.

. The potential supply of yearling feeder cattle is slightly larger than a year ago. There are fewer 2-year-old feeders available.

. Cattle imports from Canada were above last year's levels for the first half of 1962. Good moisture and range conditions in Canada will result in a smaller movement of feeder cattle during the next 5 or 6 months.

. Range conditions are excellent in the western states. Winter feeds supplies will be adequate. Winter wheat conditions appear good for grazing. Feeder cattle and calves will be heavier and in better condition as they move off ranges this fall.

. Present quotations of \$26 per cwt. for good-choice grade yearling steers are about a dollar above a year ago. Quotations of \$29 per cwt. for good-choice 300 to 500 pound steer calves are about the same as year earlier levels.

. These factors all point to firm feeder calf prices during the next few weeks: good range conditions, good moisture in wheat pasture areas, strong stock demand in the range country and eagerness of some farmers to purchase feeders early. Peak movement of calves later this fall, but at heavier weights, may cause a \$1 to \$2 per cwt. downward price pressure from present levels which are at \$30 to \$31.

. Because yearling feeder steer prices tend to follow fed cattle prices, some weakness may develop in the last 2 months of this year. However, the bulk of the yearling supply will have moved into feedlots by this time.

### PROFIT PROSPECTS

Table 1. Comparative Labor Returns per Head

	Gd-Ch Calves 425-1025#	Gd-Ch Yearlings 650-1150#	
		Early purchase	Late purchase
1961-1962			
Purchase price	\$29.00	\$25.00	\$26.00
Net sales	25.00	25.00	25.00
LABOR RETURN	26.25	26.00	19.50
1962-1963 (projected)			
Purchase price	30.00	\$26.00	
Net sales price	24.50	24.00	
LABOR RETURN	16.50	8.00	
Average labor returns 1956-1962			
Gd-Ch Yearlings - 650-1150#		\$28.00 per head	
Gd-Ch Calves - 425-1025#		21.00 per head	

. Present prices for feeder cattle are higher than a year earlier. Feed costs in the feeding year ahead will be about the same. Fed cattle prices are likely to average somewhat lower next year. Thus, profit prospects in the year ahead do not appear as favorable as the present feeding season.

. Fair to average labor returns are in prospect on good to choice yearlings that are laid into the feedlot for less than \$25 per cwt. If purchased at present levels (Sept. 1) labor returns are likely to be below the average of recent years.

. If feeder calf prices remain near Sept. 1 levels, with no weakening of calf prices occurring during peak movement periods, the cattle feeder can expect less than average labor returns from calf feeding.