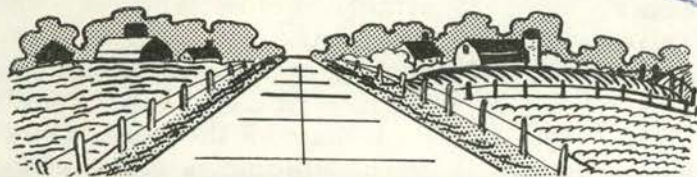


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for
Minnesota Farmers

SHEEP AND LAMBS



AGRICULTURAL EXTENSION SERVICE • UNIVERSITY OF MINNESOTA • INSTITUTE OF AGRICULTURE

AT A GLANCE: The 1959 lamb crop was 2% larger than last year. In view of this small increase in production, slaughter lamb prices may at best equal last year until October. But repetition of last year's November-December decline is unlikely. With lighter lower priced feeders available, profit prospects in lamb feeding appear to be better than in 1959. Incentive payments on wool will continue for at least another three years.

SITUATION

Stock sheep numbers on farms January 1, 1959 were up 1 million head, or 4%, from a year ago (see table). Of this increase, 58% was in ewes 1 year and older and 33% in ewe lambs. Though numbers are now slightly above the 1948-57 average, they are still far below World War II levels.

Stock sheep and lambs on farms, January 1

Area	1942	1948-57	1958	1959
	(million head - except Minn.)			
United States	49.3	27.3	27.3	28.4
West states and S. Dak.	24.1	13.1	13.2	13.6
Texas	10.3	5.9	4.7	5.2
Native states	14.9	8.3	9.4	9.6
Minnesota (thousand)	1,201	686	750	765

By areas, most of the inventory increase occurred in the 11 Western states, Texas and South Dakota. Much of that increase was for restocking. Native (eastern) states failed to show any consistent expansion, the South actually reducing inventories. Minnesota registered another slight increase, bringing numbers to the highest point since 1946.

This year's lamb crop of 21.1 million is 2% larger than in 1958 and 10% above the 1948-57 average. The lamb crop percentage this year is 96, which is 1 point below last year's record.

OUTLOOK

There is little reason to think the increase in inventories in January 1959 signals a strong up-trend in sheep production. Regional inventory trends, range conditions, and the failure of lamb prices to share in the sizeable cyclical upswing of cattle prices would suggest only a gradual further increase in sheep production.

The lamb market is becoming more erratic and thus harder to predict. This situation can be partially attributed to the fact that many markets have become too small or buyers too few. This is the result of the limited size of the industry (3% of total meat output), and the wide geographic distribution of lamb production. The increase in the proportion of lamb and mutton sold under contract is also an important factor.

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SITUATION

OUT LOOK

Sheep and lamb slaughter under federal inspection through July amounted to 8 million head, 7% above the corresponding period a year ago. During the January-March quarter, sheep and lamb slaughter was 18% above a year earlier. The second quarter slaughter was down 4%. Slaughter in July again went above last year by about 8%.

Feeder lambs. Profits in feeding lambs during the past winter were the lowest in many years. Prices for slaughter lambs began to decline about the time most purchases of feeder lambs were completed, hitting a low of around \$19.00 in January. As happened last year, the effect of low feed cost is usually bid into the paying price of feeder stock.

The influence of restocking of range areas is evidenced in the 3% rise in number of lambs produced this year in the 13 western states. For the west as a whole, 1959 grazing conditions promise to be about normal, but poorer than in 1958. The July 1 index of pasture conditions for the western region was 77, compared with 88 last year.

The estimated 1959 U. S. shorn wool production is 252 million pounds grease basis, 5% more than 1958 and the highest since 1946, primarily reflecting flock expansion that started in 1957. Both foreign and domestic consumption increased during the last quarter of 1958 and have continued to rise during the early part of this year.

Government incentive payments on wool will continue for at least another three years. The incentive price for the 1959-60 marketing year remains at the 62 cents level. The rates of payment will be determined in 1960 when the average price for wool marketed during the 1959-60 season becomes known.

Prices of fat lambs in general probably will average slightly below last year until late in the year. There is no reason to expect prices to decline in October-December this year as they did last year. Price discounts for overweights lowered average prices last year.

Feeder lambs should remain lower priced than last fall because of a somewhat larger supply, poorer range conditions, and more caution on the part of lamb feeders after an unprofitable feeding year. Good and choice feeder lambs are presently \$3 to \$4 below last year at Omaha.

With lower priced feeders available at lighter weights, profit prospects in lamb feeding appear better than a year ago.

Prices received by farmers for shorn wool since April 1 have been slightly higher than a year earlier. This increase parallels the increase in world prices and is a reflection of the marked rise in wool consumption. Thus, incentive payments for the marketing season are likely to be somewhat lower than in 1958.

MANAGEMENT CONSIDERATIONS

Because of its strong long-run competitive position, a well-managed commercial sheep flock might be considered a major enterprise on some Minnesota farms. Early lambing and early summer marketing of creep-fed lambs appears to be an important key to the success of such a venture. The 1954-58 average Chicago price for May-June slaughter lambs was \$24.00; the September-October average was \$20.60. Also, native lambs don't gain as fast during warm weather.

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