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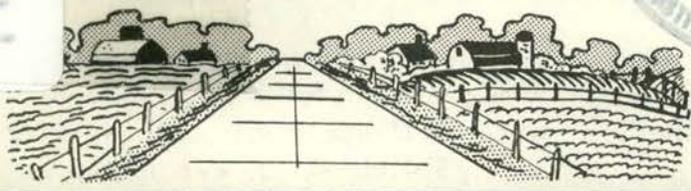
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What's AHEAD for Minnesota Farmers

SEPTEMBER 1961



SHEEP AND LAMBS



AGRICULTURAL EXTENSION SERVICE • UNIVERSITY OF MINNESOTA • INSTITUTE OF AGRICULTURE

AT A GLANCE:

Sheep inventories were reduced in 1960 and present indications point to further liquidation by the end of 1961. Profit prospects look better than a year ago for well managed native flocks. Lamb feeding returns also look promising in the 1961-62 feeding year.

SITUATION

OUTLOOK

THE EWE FLOCK

- Following a three year increase, total sheep numbers in the United States declined 1% to 32.9 million head by the end of 1960. The important trend was the change in number of breeding ewes. Ewes one year old and over on farms and ranches January 1, 1961, were up only 1%, while ewe lambs under one year old were down 11% from year earlier levels. This situation is expected to favorably affect the outlook during the next few years.
- The 1961 United States lamb crop totaled 21.5 million head, 1% more than in 1960 and 10% above the 1950-59 average.
- Sheep and lamb slaughter has been much heavier in 1961, partially due to the heavy slaughter of ewe lambs. For the first seven months of 1961, total commercial slaughter, which was largely old crop lambs, was 12% larger than in 1960. Slaughter in late July and through August has only been about 5% heavier. This moderate increase will likely continue for most of 1961.
- Shorn wool production in 1961 is expected to be 263.6 million pounds, down slightly from 1960. Because of an expected decrease in sheep numbers, wool production will likely be less in 1962.
- The average price received for shorn wool during the 1960 marketing season was 42.0¢ per pound. Wool production incentive payments averaged 20.0¢ per pound of wool marketed to reach the support price of 62.0¢ per pound.

- In view of heavy slaughter rates this year and only a moderate increase in the 1961 lamb crop, sheep numbers will likely be 2-3% lower on January 1, 1962, for an inventory of 32.0 to 32.3 million head.
- Heavy slaughter and weak demand forced early spring lamb prices \$3.00 to \$3.50 under last year's level. The difference, however, is expected to narrow because of less seasonal weakness in lamb prices this fall compared to a year ago. Prices on choice slaughter lambs can be expected to range from about \$16.50 to \$17.75/cwt. this fall.
- Early spring lamb prices should be moderately higher in the spring of 1962. It is quite likely that the early spring lamb crop will decrease some. Also, the pressure from the sale of old crop lambs in May-July should be less than a year ago. Prices and profit prospects again look best for the producer who lambs earlier, creep feeds and markets early.
- Wool prices in 1962 will be supported at 62¢ per pound of wool sold. Open market prices are likely to be somewhat higher than one year earlier. Therefore, incentive payments will be somewhat less.

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LAMB FEEDING

Lamb feeding margins in the 1960-61 feeding year were lower than one year earlier. Advantages gained by lower feeder prices were largely offset by lower slaughter prices, especially on lambs marketed late.

Feeder lamb supplies in the corn belt will likely be about equal to last fall. Drouth conditions in some areas will cause somewhat heavier liquidation. However, favorable wheat pasture conditions will make demand for lambs in these areas strong. The bulk of this year's supply is expected to move into feed lots in October, slightly later than last year.

Sheep and lamb slaughter during the first and second quarters of 1962, is expected to be much lower than one year earlier. Lamb feeding should be down, and the abnormal slaughter of breeding ewes is not expected to occur again.

The slaughter of an unusually large part of the January 1 ewe lamb inventory last year could result in a reduction of breeding ewes and decreased slaughter for several years.

Present indications point to lower feeder lamb prices this fall than a year ago. August prices on choice feeder lambs were approximately \$14.00-\$15.00/cwt. laid in, or about \$2.00 lower than last fall. Little price weakness, if any, is expected to occur from these levels this fall.

Recovery from the depressed slaughter lamb prices experienced during the first half of 1961 seems likely in 1962.

Prices on choice slaughter lambs during the first quarter of 1962 should be about \$1.00/cwt. higher than last year. A normal rising trend in the market for old crop lambs is likely to materialize from December 1961 to March 1962.

With lower priced feeders this fall, and expected higher slaughter prices, it appears that feeder lambs will provide better labor returns than last year.

Lamb feeders should be careful to buy good lightweight lambs and follow good management practices in order to receive favorable labor returns in 1962.

Table 1. Average Profit Prospects in Lamb Feeding

Costs	Years		Estimate 1960-62
	1959-60	1960-61	
Total original net cost of 70 lb. feeder lamb*	\$13.50	\$11.70	\$10.60
Feed and other costs per head (30#)			
Feed	3.80	4.00	4.15
Misc. and interest	.50	.50	.50
Total cost per head	\$17.80	\$16.20	\$15.25
Less wool payment (feeder's share)	.40	.43	.44
Net cost per head (100#)	17.40	15.77	14.81
Actual or expected net market price	19.00	16.00	16.90
Average labor returns	+ 1.60	+ .23	+2.09

* Good-Choice, Omaha, September-December, plus \$1.00 per cwt. for trucking and buying costs to Minnesota farm.

** Choice and prime slaughter, Chicago, December-March, less \$1.25 per cwt. for transportation and marketing charges from Minnesota.