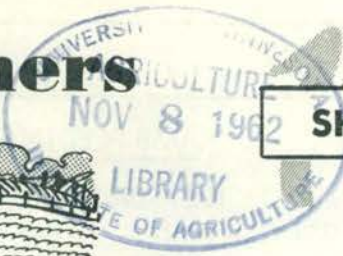


What's AHEAD for Minnesota Farmers

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1962



SHEEP AND LAMBS

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AT A GLANCE: The sheep situation improved considerably in 1962. Profit prospects look good and about the same as a year ago for the well managed native ewe flock. Lamb feeding returns will likely be about average in 1963, but somewhat lower than in 1962.

SITUATION

OUTLOOK

THE NATIVE EWE FLOCK

• Sheep production has been increasing in the corn belt. Stock sheep numbers increased 25% between the periods 1950-1952 to 1960-1962. The increase in numbers boosted this area's total percentage of U.S. stock sheep from 23 to 28% during this period.

• Sheep and lambs on farms January 1, 1962, declined to 31.4 million head — 1.5 million head less than the number on farms January 1, 1961. This represents a 5% decline and continues the reduction in sheep numbers started in 1960. The reduction in total sheep numbers in 1962 included 6% fewer sheep and lambs on feed and 4% less stock sheep.

• The 1962 lamb crop totaled 20.4 million head, or 4% down from 1961. The decline in number of lambs born was the largest year-to-year drop since 1949. This was attributed to fewer ewes on farms and fewer lambs born per 100 ewes.

• Sheep and lamb slaughter for 1961 was reported at 17.2 million head, up 8% from 1960. This heavy rate of slaughter continued through most of the first quarter of 1962. Since mid-March until late August, however, slaughter has averaged 8% less than a year earlier. Thus, weekly choice lamb prices have exceeded year earlier levels since February. The difference has steadily improved and by August prices were fully \$3 to \$4 above a year ago.

• Shorn wool production, the component product in the sheep enterprise, is expected to total 248.8 million pounds, grease basis, which would be a drop from 1961, but 3% higher than the 1951-1960 average. Shorn wool payments for wool marketed during the 1961 marketing year amounted to 44.5% of the dollar returns each producer received from the sale of shorn wool.

• If sheep and lamb slaughter during the last half of 1962 continues at the rate 4 to 6% below a year earlier, sheep numbers will be about 4% under the 31.4 million head on farms at the beginning of the year.

• By the end of 1962, we may complete a sheep production cycle which began in 1957. A build-up in numbers can be expected in 1963.

• Slaughter lamb prices for spring lambs are expected to remain around the \$20 per cwt. level for the remainder of 1962.

• The 1963 spring lamb slaughter is expected to continue to run 3 to 6% under year earlier levels. Prices on lambs born in the first quarter and marketed as spring lambs after May 1 should average nearly as high as in 1962, with a normal seasonal decline through the summer months when the bulk of the spring lambs are marketed.

• The incentive level for shorn wool for the marketing year from April 1, 1962 through March 31, 1963 is 62¢ per pound. Open market prices for wool are likely to be somewhat higher in this period than one year earlier.

• Profit prospects look reasonably good for native ewe flocks in 1963, especially lambs born earlier, creep fed and marketed early.

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LAMB FEEDING

Lamb feeding margins rebounded well in 1961-1962 from the low returns experienced in 1960-1961 (see table). Lower feeder lamb prices and slightly higher slaughter lamb prices from January to March contributed to this change.

Feeder lamb supplies to corn belt feeders will likely be less than last fall. The late lamb crop, which furnishes most feeder lambs, was down 5%. With the good prices experienced in 1962, and improved range conditions, more ewe lambs will be held back for replacement purposes.

Sheep and lamb slaughter of old crop lambs during the first quarter of 1963 should be 5 to 6% below 1962 levels. Lamb feeding will not be as heavy, thus reducing potential supply.

Demand will be heavy for light lambs to go on wheat pastures. With good range condition in the west feeder lambs will likely move into the corn belt in heaviest supplies in October.

Feeder lamb prices will be higher this fall than in 1962. August prices on choice feeder lambs were approximately \$17 to \$18 per cwt. laid in, or about \$2 to \$3 higher than last fall. It doesn't appear likely that much weakness in prices will develop from these levels as the fall progresses.

Choice slaughter lamb prices during the first quarter of 1963 are expected to average about 4 to 7% higher than the \$16.90 per cwt. average established during the first quarter of 1962.

Average Profit Prospects in Lamb Feeding

Costs	Years		Estimate 1962-63
	1960-61	1961-62	
Total original net cost of 70 lb. feeder lamb*	\$11.70	\$10.54	\$12.00
Feed and other costs per head (30#)			
Feed	4.00	4.15	4.25
Misc. & int.	.50	.50	.55
Total cost per head	16.20	15.19	16.80
Less wool payment (feeder's share)	.43	.44	.45
Net cost per head (100#)	15.77	14.75	16.35
Actual or expected net market price per head**	<u>\$16.00</u>	<u>\$16.90</u>	<u>\$17.70</u>
Average labor returns per head	+ .23	\$ 2.15	\$ 1.35

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

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

Based on a projected increase in feeder lamb prices, and only slightly higher slaughter prices, labor returns per head are expected to be somewhat lower than a year ago (see table).

In order to receive favorable labor returns in 1963, lamb feeders should be careful to buy good quality lightweight lambs and follow good management practices.

