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**MINNESOTA**

**Livestock Outlook for 1940**

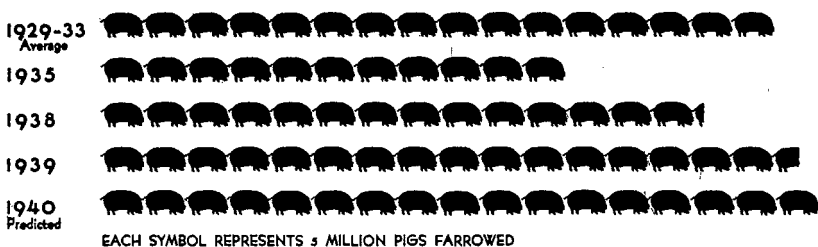
UNIVERSITY OF MINNESOTA

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**UNITED STATES PIG CROP**



**HOG OUTLOOK**

**SUMMARY**

**Favorable Factors**

1. Increased consumer demand due to industrial activity.
2. Increased pork exports due to interference of war with normal trade relations.
3. Abundant supplies of feed grains.
4. Sealing of corn may limit hog-production expansion.

**Unfavorable Factors**

1. Number of hogs slaughtered (October 1939-September 1940) will be about 20 per cent greater than in 1938-39.
2. A slight increase in hog production in 1940 is in prospect.
3. Total livestock slaughter under federal inspection is indicated at 8 to 9 per cent greater than 1939 and probably largest since 1924.
4. Continued increase in livestock production beyond 1940.
5. Unfavorable hog-corn ratio.

**Conclusion**

Increase in hog production may be largely if not entirely offset by increased domestic demand and exports.

Farmers' expectation of war demand may encourage increased production in 1940.

Decline in 1941 hog prices possible.

**DOMESTIC SUPPLIES**

About 47 million hogs are expected in the federally inspected slaughter in 1939-40 or 7 million above 1938-39 and the largest since 1932-33. The average weight will be about 236 pounds indicating the largest slaughter in 7 years, slightly larger than the 5-year average before the drouth of 1934, and 16 million above the low level of 1934-35. The spring-pig crop of 52.3 million was 8.9 million larger than 1938. The number of sows farrowing in the fall of 1939 is estimated at 16 per cent above 1938. The total

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1939 crop is estimated at 83 million head or 17 per cent above 1938 and one of the largest on record.

### EXPORTS AND IMPORTS

About 80 million pounds of pork and 166 million pounds of lard were exported during the first 7 months of 1939, 40 per cent over a year earlier. About 32 million pounds of pork were imported during that time which was less than a year ago. Imports of pork have virtually stopped. Further exports of pork are expected to increase materially because the war interferes with normal trade relations in Europe and curtails hog production there. United States alone has enough pork supplies to offset the decrease in British imports from the continent. British quotas on imports of ham and bacon were suspended in September. United States exports to France, Canada, and Cuba are expected to increase. Some increase in exports of lard can be expected but not as much as in exports of pork. Exports to Great Britain are already at a high level.

## CATTLE OUTLOOK

### SUMMARY

#### Favorable Factors

1. Smaller total slaughter of cattle in 1940.
2. Stronger domestic and export demand for meats.
3. Higher prices for hides.
4. Abundant supplies of feed makes continued lower costs probable.
5. Smaller imports of cattle in 1940 indicated.

#### Unfavorable Factors

1. More cattle on farms January 1, 1940.
2. More cows and heifers withheld from market indicating further increase in cattle numbers.
3. Increase in cattle in feed lots.
4. Total meat production in 1940 will be materially larger than in 1939 and largest since 1929.

### PRICES

Larger slaughter supplies of hogs in 1938-1939 were reflected in prices of hogs-\$1.90 lower on the average than in 1937-38. Improved consumer demand, both domestic and foreign, in 1939-40 will offset partly, if not wholly, the 15 to 20 per cent increase in slaughter supplies.

### HOG PRODUCTION OUTLOOK

Hog production is now back to pre-drouth level. A pig crop in 1940 in excess of the large crop of 1939 seems probable, although the increase will not be as great as was at first expected. The outbreak of the war pushed hog prices above the normal level. A continuation of the war will be a strengthening influence on hog prices.

Corn production in 1939 was large and the carry over is of record proportions. Some further increase in hog production in the South is likely. Continued increase in hog production makes lower prices in 1941 probable.

### Conclusion

Cattle prices are expected to average slightly higher in 1940 than in 1939. Prices of better grades for the first quarter and perhaps the first half of 1940 may be lower than a year ago, but prices for such grades are expected to average considerably higher in the summer and fall than in 1939.

Prices of lower grades of slaughter cattle, stockers, and feeders are expected to remain high in relation to prices of fed cattle.

Cattle producers should take advantage of the relatively high prices to cull their herds and market rather heavily rather than build up production.

### SLAUGHTER SUPPLIES

The number of cattle and calves slaughtered under federal inspection in 1939 is expected to be about 5 per cent less than in 1938 and the smallest

since 1933. Liveweight of cattle slaughtered in 1939 has been about 2 per cent heavier than in 1938 and the heaviest in 6 years reflecting abundant supplies of feed grains. Total steer slaughter will be about 4,507,000 head, about the same as 1938. Total inspected slaughter of cows and heifers in 1939 will be three hundred thousand to four hundred thousand less than the 4,861,000 head slaughtered in 1938, indicating a tendency toward restocking. Combined slaughter of cattle and calves under federal inspection in 1939 may total 14,400,000 head compared with 15,268,000 in 1938, 17,042,000 in 1936, and 13,689,000, the 1924-33 average.

Steer slaughter probably will not be materially different in 1940 from 1939. Cow, heifer, and calf slaughter may be reduced further.

The number of all cattle on farms on January 1, 1940 is expected to be about 2 million head larger than in 1939 with an estimated number of 68,800,000 head which, while below the peak of 74,262,000 in 1934, is much above the average of the past 20 years.

### CATTLE FEEDING SITUATION

Inspected shipment of stocker and feeder cattle into the Corn Belt from July to September was 12 per cent

larger than during the same period last year and the largest in 12 years. Direct shipment of feeders has increased 60 per cent over last year during the same period. More feeders weighing over 800 pounds and fewer weighing less than 800 pounds were shipped, suggesting intention to short feed and market before spring, and providing a larger proportion of fed cattle marketed during the winter of 1939-40 than a year earlier. It suggests that the largest increase in marketings of fed cattle will come during the winter months (1939-40) with a depressing influence on prices of fed cattle.

### IMPORTED SUPPLIES

Prices averaging 10 per cent above those of 1938 attracted imports of cattle, calves, and equivalent to 353 million pounds of dressed beef or about 6 per cent of beef and veal slaughtered in 1938. Total number of dutiable cattle imported during the first 9 months of 1939 was 604,000, more than twice the number imported in 1938 and the largest number since 1919 when cattle were duty free. Over one half (311,000) were non-quota cattle (cattle 200-700 pounds in weight with no reduction in import duty). The unusual imports were due to rela-

tively high prices here, severe drouth, and unsettled economic conditions in Mexico. Present indications are that imports in 1940 will be smaller than in 1939.

### EFFECTS OF WAR

The chief effects of war on the cattle situation will be through: (1) improvement in domestic demand for meat, (2) increased foreign demand for hides, and (3) increased exports of pork reducing domestic supplies of meats.

### PRICE PROSPECTS FOR 1940

The general level of cattle prices in 1940 are expected to average a little higher than in 1939.

Prices of fed cattle may be lower with some discrimination against heavier cattle in favor of lightweights for the first 3 and maybe 6 months of

1940 than in the fall of 1939, but prices during the summer and fall are expected to average considerably higher than those of the same period in 1939. Most of the prospective improvement will come after the spring of 1940. Prices of lower grades of cattle, stockers, and feeders are expected to continue high relative to prices of fed cattle.

### PRODUCTION OUTLOOK

With an increasing consumer demand, continued withholding of breeding stock to restock Western ranges, and threatened record production of pork indicated for 1940 as a price depressing influence on cattle prices, cattle producers should take advantage of coming improved demand to market rather heavily rather than increase potential production by building up herd numbers.

## SHEEP OUTLOOK

### SUMMARY

#### Favorable Factors

1. Increased industrial activity and consumers' purchasing power.
2. War supporting wool prices.
3. Stock-sheep numbers will not increase materially.
4. Abundance of feed.

#### Unfavorable Factors

1. More lambs in feed lots than last year.
2. Increased pork production may be reflected in lower prices for all meats.
3. Increased use of rayon and cotton as wool substitute.
4. Consolidation of wool buying by Britain and France may stabilize world wool market.

### Conclusion

The outlook for sheep during the next few years appears to be relatively more favorable than for either cattle or hogs.

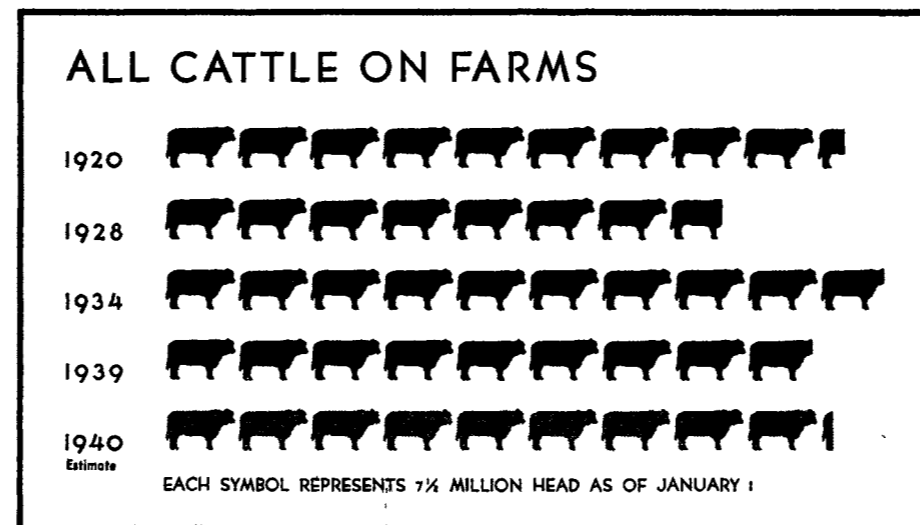
War has more direct effect in supporting wool prices than any other farm product.

Prices of fed lambs in 1939-40 feeding season are expected to average a little higher than a year earlier.

### SUPPLIES FOR 1939-40

The lamb crop in 1939 was about one per cent smaller than the record crop of 1938 but larger than any other year. Slaughter supplies in 1939-40 will not be much different from those of the 1938-39 marketing year when 17,765,000 head were slaughtered under inspection.

More lambs will be fed during the 1939-40 season than a year ago. The number fed in the Corn Belt is considerably larger than last year, but this increase is partly offset by a decrease in the number fed in the western states. Short winter-wheat pasture in the area from Nebraska to Texas forced a larger number of lambs into Corn Belt feed lots.



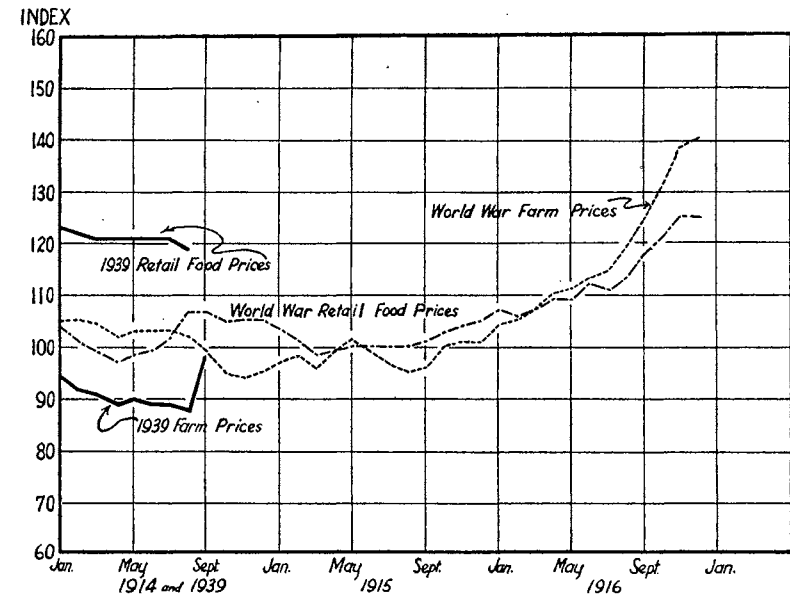
# The Business Situation

The demand for agricultural products in the United States will probably be considerably better in 1940 than it was in 1939. Business activity in this country has been increasing since midsummer. There has been a general improvement in domestic conditions to which has been added the stimulus resulting from the war.

It is not probable that the war will result in much improvement in the export demand for agricultural products this coming year. It should continue, however, to help stimulate business in this country and thus increase the domestic demand.

Prospects are especially good for production increases in steel, airplanes, automobiles, and durable consumers' goods. Inventory accumulations may temporarily retard the advance in some lines, but such adjustments are expected to be temporary. These improvements should lead to increased employment, expanded payrolls, and an increase in the purchasing power of domestic consumers. This should particularly improve the demand for dairy products and meats which are of great importance to Minnesota agriculture.

PRICES AT THE BEGINNING OF TWO WARS



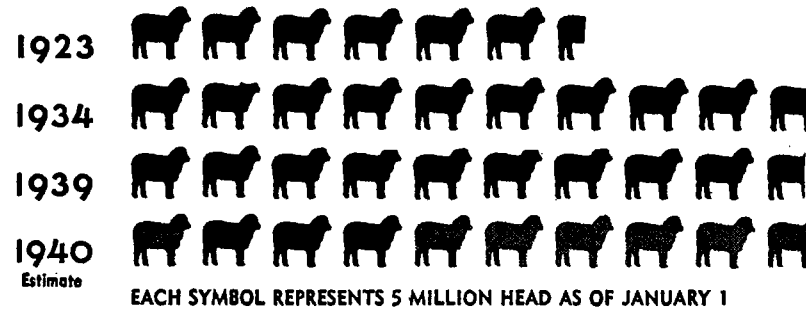
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Cooperative Extension Work in Agriculture and Home Economics, University of Minnesota, Agricultural Extension Division and United States Department of Agriculture Co-operating, P. E. Miller, UNIVERSITY OF MINNESOTA, Cultural Extension Acts of May 8 and June 30, 1911 10M-1-40



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## SHEEP ON FARMS



### PRICES

Larger supplies of fed lambs marketed during 1939-40 (December to April) will be offset by stronger consumer demand for meats and higher prices for wool resulting in lamb prices averaging a little higher than a year ago.

The number of stock sheep held on farms has changed relatively little during the last nine years from 47,720,000 head January 1, 1931 to 48,062,000 on January 1, 1939, and an increase of more than one per cent per year for the next few years is not probable. Prices are expected to remain relatively stable. The outlook for the sheep industry during the next few years is more favorable than the outlook for either cattle or hogs. Shifts to sheep are not to be encouraged at this time.

### WOOL

Stocks of apparel wool in this country on September 1 were much smaller than a year earlier and below the 6-year (1933-37) average. Relatively high mill consumption is expected to be maintained so that the carry over of wool into 1940 may be small. Total supplies of wool in the Southern Hemisphere for the 1939-40 season will probably be smaller than for 1938-39, but may equal the past 5-year average. Purchase of the Australian and New Zealand wool clip by the British

government gives it control over about 65 per cent of the wool in the Southern Hemisphere. This purchase will continue for the duration of the war and one clip thereafter. This will have a stabilizing influence on wool prices generally if transportation is not seriously interfered with in which case demand would be shifted to supplies nearer at hand.

An expansion in foreign consumption in France and Great Britain is expected especially for military purposes, while consumption in Germany and some neutral countries may be reduced. Increase in wool imports has accompanied increased mill consumption, and larger imports in 1940 are probable.

Prospective improvement in domestic demand for wool, increased foreign demand, and relatively short supplies in this country will be strong supporting influences to prices for domestic wool. However, the 50 per cent rise in wool prices since August may be the full reflection of these influences. Change in wool prices during the year will depend on the prices paid in the Southern Hemisphere by Great Britain and the quantity released by it to neutral countries.

The relatively marked advance in wool prices will stimulate the use of substitutes such as rayon and cotton and will tend to temper any further rise in wool prices.