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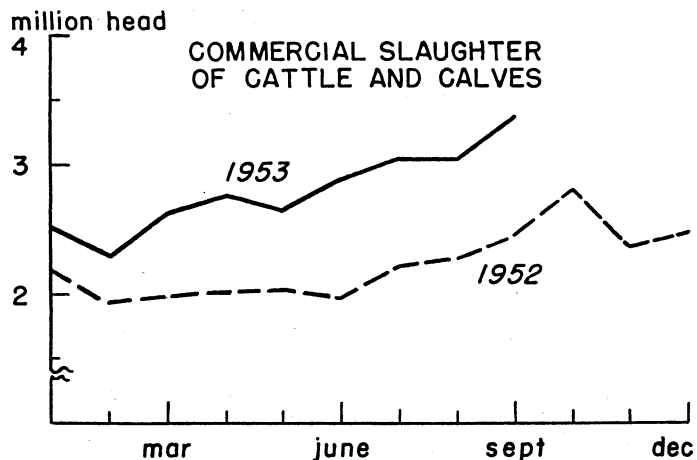


Agricultural Letter

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SLAUGHTER of cattle and calves in September totaled 3.4 million head, 37 per cent more than the number a year ago. The cattle kill was up 36 per cent, while calf slaughter increased 40 per cent.

For the first eight months of this year slaughter of cattle and calves exceeded the year-ago figure by 32 per cent. However, the last four months of the year normally are the season of heaviest cattle marketings, and therefore the kill during these months heavily influences the total for the year.



It was expected that during the last four months of 1953 slaughter would exceed the year-earlier amount, but by a smaller margin than the 32 per cent recorded up to September. This was expected because it was around September last year that farmers began the heavy marketings of cattle that led to the sharp price decline.

Contrary to expectations, slaughter in September was 37 per cent above the number a year ago, and there is evidence that this bulge is continuing. If slaughter during the last three months of this year continues to exceed the year-earlier volume at the September rate -- and preliminary data since then indicate that slaughter is being maintained at a high level -- then the total kill of cattle and calves in 1953 will be about 37 million head. As the following table indicates, this should be enough to reduce the cattle herd by about one million head.

	million head	
Cattle numbers, January 1, 1953..	93.7	
Calf crop plus imports	40.0	
Total supply in 1953		133.7
Slaughter	37.0	
Death losses	4.0	
Total disappearance in 1953 ...		41.0
Cattle numbers, January 1, 1954..	92.7	

The herd includes dairy cattle as well as beef stock. Since the number of dairy cattle is expected to be about 300,000 larger next January than a year earlier, a decrease of one million in the total herd would mean a decrease of 1,300,000 in the number of beef cattle.

This would bring to an abrupt end the 16 million head build-up in beef cattle numbers that began in 1948. The long-run outlook is improved thereby, although marketings next year -- and hence the supply of beef -- will probably be about as large as in 1953, barring drought or unusually bearish price expectations.

Composition of the beef supply will be different in 1954, however. Fewer fed steers and more cows are likely to be marketed. Thus, if demand is to be the same in 1954 as this year, it could be expected that next year would bring somewhat higher prices for fed steers and lower prices for cattle off grass.

However, it is very possible that demand will be somewhat lower in 1954. If so, the decline will probably take the form of a slow settling which would not have substantial effect before midyear. By that time the seasonal peak in marketings of fed steers will have passed. So it seems likely that next spring the prospectively reduced supply will hold the price of fed steers above the spring low of 1953, when the choice grade brought about \$22.00 per hundredweight at Chicago.

On the other hand, when the seasonal peak in marketings of grass cattle is reached next fall, their prices could be below present levels, especially if there is a significant decline in demand.

THE 1953 PIG CROP is a 5-year low. Prices of hogs have been higher than any other years except 1947 and 1948. In response, hog production is probably now turning upward. Although a survey of farmers' intentions originally led to a forecast that the fall pig crop this year would be 5 per cent under 1952, farrowings in late fall probably are exceeding year-ago numbers. The 1954 spring pig crop is expected to be up 10 per cent from 1953.

These increased farrowings will lead to a larger hog slaughter around mid-1954. Until then, the pork supply probably will be below even the low levels of 1953. Although the seasonal drop in hog prices was sharper than expected in October -- 220-240 pound choice hogs at Chicago dropped from \$25.00 per hundredweight to \$21.00 -- prices of hogs are expected to be comparatively favorable in the in the first part of next year, assuming the demand holds up fairly well. However, the seasonal decline next fall will probably be larger than usual.

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