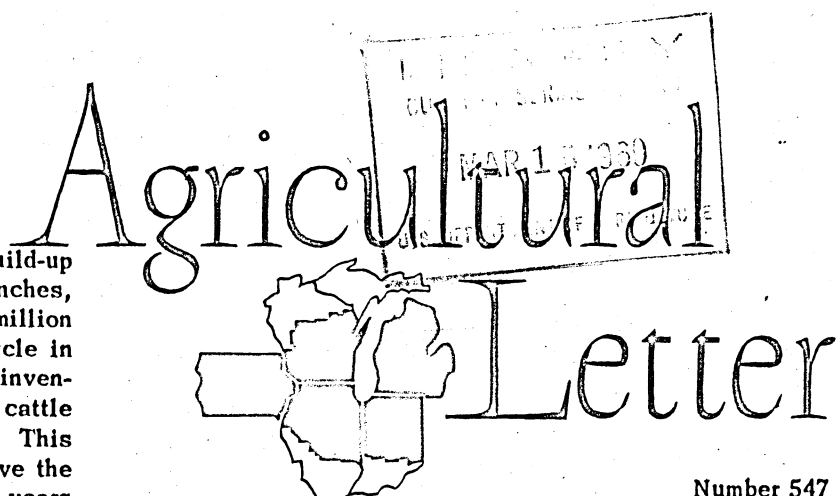


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Federal Reserve Bank of Chicago - -

February 26, 1960



After two years of increase in the current build-up in the number of cattle and calves on farms and ranches, the inventory on January 1, 1960, reached 101.5 million head. The outstanding feature of the present cycle in cattle numbers has been the rapid build-up in the inventory. In 1958, over 3 million head were added to cattle numbers and, in 1959, nearly another 5 million. This increase of 8.1 million head is substantially above the 5.3 million increase in 1949 and 1950, the first two years of build-up in the previous cycle.

However, the pattern varies greatly for different types of cattle. Beef calves and beef cows increased only a little more in the 1958-60 period than in the 1949-51 period. On the other hand, substantially greater numbers of steers and beef heifers were added to the inventory in the past two years, reflecting the abundance and low cost of feed supplies compared with the 1949-51 period when feed prices rose sharply during the Korean war.

The inventory of steers and heifers between the beginning of 1949 and 1951 remained almost constant, as did the number of cattle and calves on feed. In contrast, in 1958-60, the number of steers and heifers increased 2.8 million head and the number on feed increased 1.7 million head.

Of course, the total number of cattle and calves is considerably higher than in the same year of the previous cycle; the total has increased about one-fourth since 1951 and beef animals about one-half. Beef steers have had the largest increase—57 per cent. Total number of dairy cattle and calves declined 7 per cent.

Per capita supplies of beef and veal in 1959 were nearly 87 pounds compared with the record 95 pounds in 1956 and 71 pounds in 1950. In both 1951 and 1952, the third and fourth years of the previous cycle, about 6 million head were added to inventory. Per capita sup-

plies of beef and veal fell to 63 pounds in 1951, the year of the highest cattle prices on record. High levels of cattle feeding in recent years have been partially responsible for the smaller decline in per capita supplies of beef in the present cycle.

As a result, cattle prices have leveled off well below the 1951 peak. However, beef cow numbers are nearly 50 per cent higher than in 1951 and total cow numbers are up 15 per cent. Heifer numbers are up 21 per cent, though part of this increase is due to larger numbers on feed. Thus, the size of the breeding herd indicates the potential for a rapid increase in numbers in the next year or so, but the price incentive is not as great as in 1951. In terms of feed supplies, the potential would seem to be quite sensitive to future weather conditions in the grazing areas in view of the record inventory in most western states.

SUPPORT PRICES for corn in 1960 have been set at \$1.06 per bushel—65 per cent of parity—which is the minimum provided under the present law. Corn supports were \$1.12 in 1959 and \$1.06 for corn not planted in compliance with acreage restrictions under the previous law in 1958. Other feed grain and oilseed crops will continue to be supported at the 1959 levels: oats, 50 cents a bushel; barley, 77 cents; rye, 90 cents; soybeans, \$1.85; flaxseed, \$2.38; grain sorghums, \$1.52 per cwt.

Research Department

Year	B e e f				Total cattle and calves (million head)	D a i r y			Total cattle and calves	Total cattle and calves
	Cows 2 years and over	Heifers 1 - 2 years	Steers 1 year and over	Calves		Cows 2 years and over	Heifers 1 - 2 years	Heifer calves		
1949	15.9	4.7	7.3	12.0	41.6	23.9	5.3	6.1	35.3	76.8
1950	16.7	4.8	6.8	12.5	42.5	23.9	5.4	6.2	35.5	77.9
1951	18.5	5.1	7.0	14.3	46.7	23.6	5.5	6.3	35.4	82.1
Change 1949-51	+2.6	+0.4	-0.3	+2.3	+5.1	-0.3	+0.2	+0.2	+0.1	+5.3
1958	24.3	6.1	9.5	18.5	59.9	22.2	5.3	5.9	33.4	93.4
1959	25.5	6.8	10.2	19.7	63.9	21.5	5.3	6.0	32.7	96.7
1960	27.3	7.4	11.0	21.1	68.5	21.3	5.5	6.2	33.0	101.5
Change 1958-60	+3.0	+1.3	+1.5	+2.6	+8.6	-0.9	+0.2	+0.3	-0.4	+8.1
Per cent change 1951-60	+ 48	+ 45	+ 57	+ 48	+ 47	- 10	0	- 2	- 7	+ 24

FARM BUSINESS CONDITIONS

JANUARY 1960, WITH COMPARISONS

I T E M S	1960	1959	
	January	December	January
<b>PRICES:</b>			
Received by farmers (1947 - 49 = 100) . . . . .	85	84	90
Paid by farmers (1947 - 49 = 100) . . . . .	120	119	119
Parity price ratio (1910 - 14 = 100) . . . . .	77	77	82
Wholesale, all commodities (1947 - 49 = 100) . . . . .	119	119	120
Paid by consumers (1947 - 49 = 100) . . . . .	125	126	124
Wheat, No. 2 red winter, Chicago (dol. per bu.) . . . . .	2.04	2.00	1.98
Corn, No. 2 yellow, Chicago (dol. per bu.) . . . . .	1.17	1.12	1.19
Oats, No. 2 white, Chicago (dol. per bu.) . . . . .	.80	.79	.70
Soybeans, No. 1 yellow, Chicago (dol. per bu.) . . . . .	2.18	2.16	2.20
Hogs, barrows and gilts, Chicago (dol. per cwt.) . . . . .	12.52	11.87	16.66
Beef steers, choice grade, Chicago (dol. per cwt.) . . . . .	26.42	25.57	28.13
Milk, wholesale, U.S. (dol. per cwt.) . . . . .	4.36	4.48	4.34
Butterfat, local markets, U.S. (dol. per lb.) . . . . .	.60	.62	.59
Chickens, local markets, U.S. (dol. per lb.) . . . . .	.16	.16	.17
Eggs, local markets, U.S. (dol. per doz.) . . . . .	.30	.31	.37
Milk cows, U.S. (dol. per head) . . . . .	219	218	227
Farm labor, U.S. (dol. per week without board) . . . . .	46.25	-	45.00
Factory labor, U.S. (dol. earned per week) . . . . .	92.52	91.94	87.38
<b>PRODUCTION:</b>			
Industrial, physical volume (1947 - 49 = 100) <sup>1</sup> . . . . .	169	165	152
Farm marketings, physical volume (1947 - 49 = 100) . . . . .	-	160	130
<b>INCOME PAYMENTS:</b>			
Total personal income, U.S. (annual rate, bil. of dol.) . . . . .	393	392	369
Cash farm income, U.S. <sup>2</sup> (annual rate, bil. of dol.) . . . . .	-	36	35
<b>EMPLOYMENT:</b>			
Farm (millions) . . . . .	4.6	4.8	4.7
Nonagricultural (millions) . . . . .	59.4	60.9	58.0
<b>FINANCIAL (District member banks):</b>			
Demand deposits:			
Agricultural banks (1955 monthly average = 100) . . . . .	-	103.0	109.4
Nonagricultural banks (1955 monthly average = 100) . . . . .	-	107.7	106.0
Time deposits:			
Agricultural banks (1955 monthly average = 100) . . . . .	-	130.0	124.7
Nonagricultural banks (1955 monthly average = 100) . . . . .	-	125.7	122.8
<sup>1</sup> Revised			
<sup>2</sup> Based on estimated monthly income.			

Compiled from official sources by the Research Department, Federal Reserve Bank of Chicago