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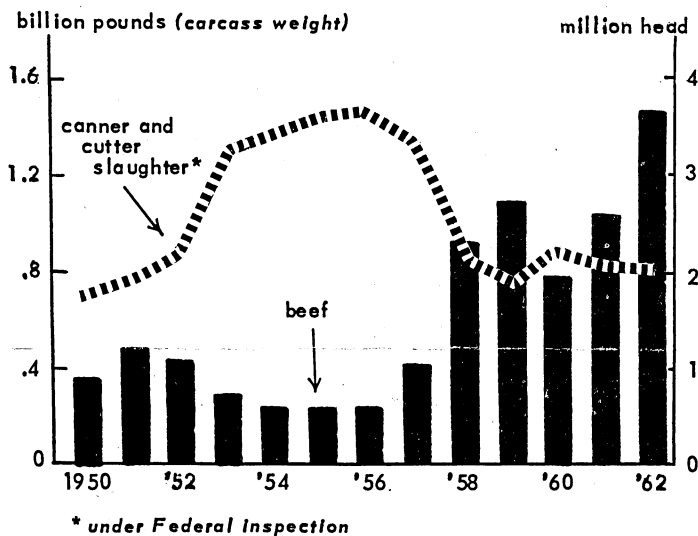
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MEAT IMPORTS to the United States during 1962 totaled slightly more than 1.6 billion pounds (carcass weight equivalent) compared with about 1.3 billion a year earlier. Much concern over the volume of these imports has been expressed by livestock producers because of the recent drop in livestock prices. Typically, when livestock prices fall into a slump, meat imports are cited as a major cause. However, imports of dressed meat have not been a significant factor in the current decline of fed cattle prices.

Imports of beef and veal in 1962 totaled a record 1.4 billion pounds or nearly 9 per cent of United States production of beef and veal. Eighty-six per cent of these imports consisted of boneless beef for manufacture while canned beef made up another 9 per cent. In addition, 1.2 million head of cattle and calves were imported.

These products supplement U. S. production by providing lower-grade processing meat during years when processors are unable to secure adequate supplies from domestic production at reasonable prices. Along with domestic cow beef, such imports are used mainly for hamburger, weiners, sausages and processed meats.

Beef imports rise when cow slaughter declines



The volume of these imports tends to vary inversely with the cattle cycle—moving in the opposite direction from cow slaughter in the United States. For example, beef imports into the United States were small during the mid-Fifties when cow slaughter was at a high level and prices were low. Then cow slaughter declined at the end of 1957 as western ranchers began enlarging their breeding herds. With smaller supplies of processing beef, prices rose sharply and attracted beef imports. When cow slaughter increased in 1960, imports dropped but then increased again in 1961 and 1962, reaching a record level last year as a faster build-up in domestic cattle herds reduced slaughter of cows.

While the volume of imports does have an influence on the grades and classes of cattle slaughtered primarily for processing beef, it is not an important factor affecting prices of high-quality beef and hence prices of fed cattle. In fact, monthly beef imports in 1962 were largest when fed steer prices were rising last fall and have declined somewhat since then. In the third quarter of 1962, when fed cattle prices had their most rapid increase of the year, imports of processing beef were 35 per cent above the corresponding period of a year earlier. Imports decreased 2 per cent from November to December and 33 per cent from December to January.

Imports this January were 14 per cent under imports in January 1962—partly as a result of the dock strike. Fed cattle prices were dropping sharply at that time. The grades of cattle that compete with low-quality beef imports have not experienced much price decrease.

Cattle imports also vary closely with the U. S. cattle cycle. In the expansion phase of the cattle inventory, higher prices of feeder cattle encourage imports from Canada and Mexico although in several years hoof and mouth disease embargoes have restricted imports.

Shipments of Mexican feeder cattle, which in 1962 accounted for over half the U.S. imports, reached 734,000 head or 43 per cent above 1961. In part, this reflected the drought conditions prevailing in Mexico in 1962 and, in part, the higher prices of feeder cattle in this country last fall. Imports of Canadian cattle were also increased somewhat due to the drought condition and higher feeder cattle prices.

Corn Belt farmers have benefited from this high level of feeder imports through the lower prices that prevailed than would have, given a shorter supply.

Meat imports benefit consumers in periods of low production by leveling out available supplies, thus keeping prices stable. This also helps the producer, though indirectly, as the dampening of price increases in periods of low production tends to reduce the violence of the upswing in production and of the price consequences that would follow.