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Federal Reserve Bank of Chicago - -

July 23, 1965

CATTLE FEEDERS expanded their operations sharply during the second quarter of this year. The number of cattle on feed in 32 major cattle feeding states was estimated to be a record 7.5 million head on July 1, 1965—9 per cent more than a year earlier.

The largest increase from a year ago was recorded in the western states, up 14 per cent, continuing the rapid expansion of recent years relative to the older Corn Belt feeding areas. California (the leading western state) was up 12 per cent from July 1964, Colorado was up 24 per cent and Arizona was up 10 per cent.

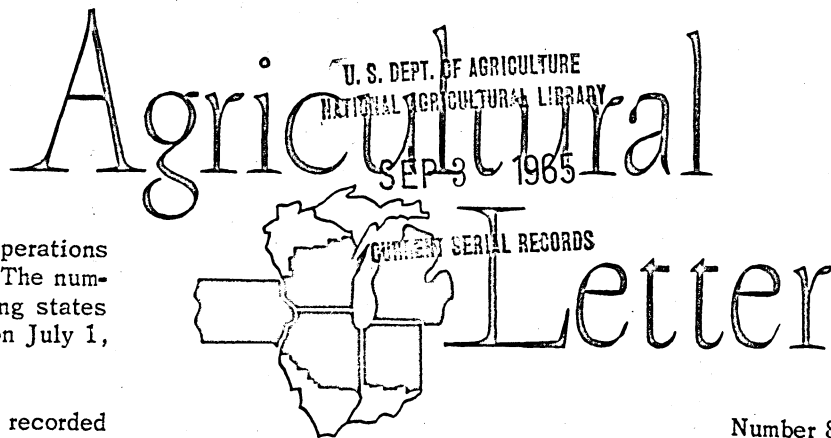
In the Corn Belt, the number of cattle on feed July 1 was estimated to be 5 per cent greater than last year. The number on feed in both Iowa and Illinois were above July 1964—up 7 and 6 per cent, respectively. Indiana, however, showed 12 per cent fewer.

Increased placements of feeder cattle in feedlots were the primary reason for the larger number on feed July 1. The number of feeder cattle placed in feedlots in the second quarter of 1965 was up 24 per cent from the same period a year earlier, while in the first quarter of 1965 placements declined about 1 per cent. Consequently, the number of animals which have been on feed less than three months was up 23 per cent, and the number of animals weighing under 900 pounds increased 15 per cent, while the number of heavier, longer-fed animals was little changed.

Number of Lighter, Shorter-fed Cattle Increase Sharply

	July 1964 (thousand head)	July 1965 (thousand head)	Change 1964-65 (per cent)
Time on feed			
Less than 3 months	2,669	3,292	+23
3 to 6 months	2,367	2,389	+ 1
Over 6 months	1,878	1,850	- 1
Weight			
Under 900 pounds	4,733	5,459	+15
900 pounds or over	2,181	2,072	- 5
Total 32 states	6,914	7,531	+ 9

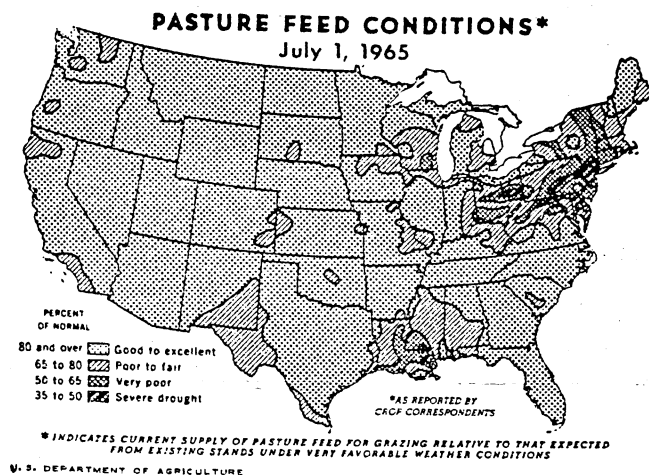
Fed cattle marketings are indicated to be somewhat above year-earlier levels during the third quarter, but the continued slaughter of lighter-weight animals, the sharply reduced competition from pork products and higher consumer incomes will likely permit prices to average slightly above those during the third quarter of last year. Slaughter weights are currently about 25 pounds per head under year-ago levels, and the recent pig crop report indicated hog marketings to be considerably fewer during the third quarter.



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Prices of fed cattle toward the latter part of the year, however, are likely to decline as the increased number of lighter animals now on feed begin coming to market.

Total cattle slaughter under Federal inspection was about 3 per cent above the year-earlier level during the first six months of 1965. A large part of this increase, however, was the result of higher cow and calf slaughter. Cow slaughter ran nearly 28 per cent above the year-ago level during January through June, and calf slaughter was about 8 per cent higher. Slaughter of these animals during the remainder of 1965 will be largely influenced by grazing conditions.



There was widespread rainfall in June in the plains and western range states, supplementing earlier precipitation, and, as temperatures warmed, grass made unusually rapid growth in most areas. The overall condition of range feed in the western states on July 1 was an index of 87, up 7 points from last year and the highest since 1957. Except in a few isolated areas, adequate summer grazing seems to be assured. Consequently, cow and calf slaughter is likely to drop off rather substantially from the year-ago levels during the remainder of the year. In addition, feeder cattle prices have risen sharply in recent weeks. This will also tend to reduce calf slaughter as feedlot operators compete more strongly with packers for these animals.

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