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# **Wartime Livestock Outlook for 1943**



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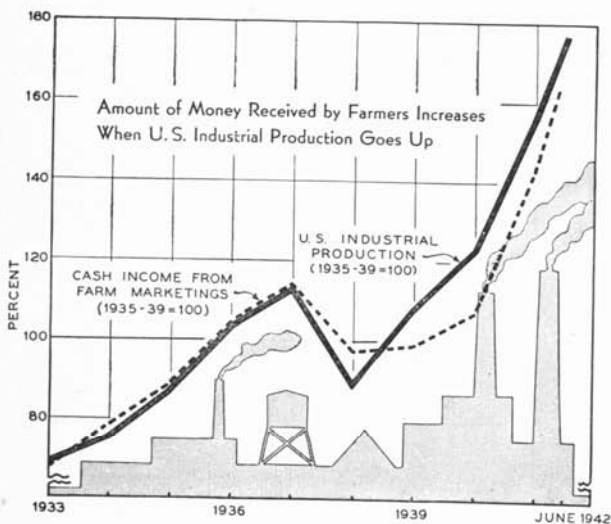
Circular 537

September, 1942

## DEMAND WILL BE GOOD

Consumer incomes will be high . . . . Good prices for livestock and livestock products . . . . Large lend-lease purchases . . . . Government plans to prevent further inflation.

Increased industrial production has carried consumer incomes to record high levels, thus insuring a strong domestic demand for livestock and livestock products. Large purchases for lend-lease and the armed forces will strengthen this demand. In fact



these purchases will be so large that in spite of high production civilians will not be able to buy as much as they wish. From January to July, 1942, purchases for lend-lease equalled the pork from 6.3 million hogs, the lard from 12.2 million hogs, the annual egg production of 58 million hens, and the annual dairy production of 2.5 million cows.

There was no appreciable rise in price averages in June and July following the General Maximum Price Regulations which established ceilings effective in May. The War Labor Board has announced a policy of stabilizing wages 15 percent above the level of January 1, 1941, which will permit further advances in wages for some workers.

If further general rises in prices are prevented by Governmental action, prices of livestock will fluctuate less than they usually do. The excellent domestic and foreign demand will hold these prices close to the levels established by the ceilings on meat, resulting in a large income for the farmer from the sale of livestock and livestock products.

## FEED SUPPLIES AMPLE FOR 1943

Total supply larger than in 1941-42 . . . .  
 Surpluses are shrinking . . . . Consumption  
 now larger than production . . . . More high-  
 protein feeds . . . . Hay supply the same.

The total supply of feed grains will be larger than in 1941-42. The 1942 corn crop is estimated to be 2.75 billion bushels, 3 percent larger than the 1941 crop. The amount of corn consumed in 1942-43 will probably exceed the amount produced in 1942 by

CARRYOVER OF CORN ON OCTOBER 1

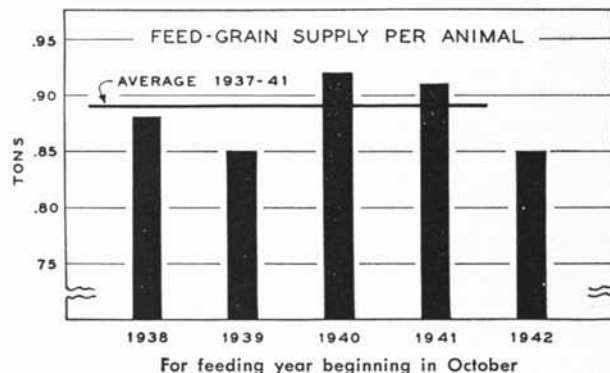


about 300 million bushels. Disappearance of corn for the 3 months ending with July was 15 percent greater than a year earlier.

Because of the 10-percent increase in number of grain-consuming animals, the supply of feed grains per animal is 7 percent less this fall than in 1941 even tho the total amount of feed grains is larger. In addition to feed grains considerable wheat will be fed.

Prospective production of soybean and other high-protein feeds indicates that the supply of these feeds may be 30 percent larger than in 1941-42.

Total hay supplies will be larger than in 1941-42, but the supply per animal will be about the same. Unfavorable harvesting weather lowered the quality of much of the 1942 hay crop.



## CATTLE OUTLOOK UNCERTAIN

Present ceilings on beef hold down fat-cattle prices . . . . Cattle slaughter increasing . . . . Packers will be competing for fleshy feeders . . . . Western ranchers in strong position . . . . Feeder-cattle prices higher . . . . Prices of slaughter cattle held close to beef ceilings.

Next year's outlook for cattle can change quickly with changes in price ceilings. Revisions effective July 13, 1942, lowered the wholesale prices on some grades of beef for some dealers and reduced the contract price of certain grades of beef purchased by the armed forces so as to bring them in line with ceiling prices for beef in the domestic trade.

The number of cattle slaughtered under Federal inspection from January thru July was 15 percent larger than in 1941 and 30 percent above the small slaughter in 1939. The record number of cattle on farms will support large marketings for several years.

Prices for feeder cattle are high and will probably remain so. Many feeder cattle will be wanted for slaughter. Also, western ranchers will resist any decline in price; they have good pastures and ample feed and are in a strong financial position.

The following data show the spread between the August 15 prices of feeder cattle at Kansas City and the prices of fat cattle at Chicago one year later:

Prices of 500-800 lb. good feeder cattle at Kansas City	Prices of 900-1,100 lb. good steers at Chicago	Spread
1938....cwt....\$ 7.35	1939....cwt....\$ 8.90	\$1.55
1939....cwt.... 8.25	1940....cwt.... 10.78	2.53
1940....cwt.... 8.88	1941....cwt.... 11.55	2.67
1941....cwt.... 10.62	1942....cwt.... 14.75	4.13
1942....cwt.... 12.25	1943....cwt.... ?	?

Present prices of fat cattle are high enough to afford a good margin for those who purchased wisely last fall. However, if present or similar price ceilings on beef are in effect a year from now or unless prices of feeder cattle decline, the spread will be smaller next year.

Strong domestic demand should hold slaughter-cattle prices close to the ceilings established for beef.

In periods when prices of meats are free to fluctuate, an advance in consumer incomes is accompanied by an increase in price of meat, thus keeping consumption in line with supply. With prices now held down by ceilings while consumer incomes are large, people are asking for more meat than is available. This may call for rationing even tho production is abnormally large.

## DAIRY PRODUCTION HIGHER

Emphasis shifts to dried milk and butter . . .

More cows, good pastures, and ample feed supplies will tend to maintain milk production at a somewhat higher level than in 1941. The relationship between milk and butterfat prices and feed prices will be about average for the remainder of 1942 but will be more favorable than the relationship which prevailed in the last quarter of 1941.

To shift production to fit export needs, the Government has altered its price policies and is encouraging production of dried milk and butter rather than cheese and evaporated milk. The price of butter is being supported at 39 cents a pound in Chicago, a price somewhat higher than last year. The price of U. S. No. 1 American cheese is being supported at 20 $\frac{1}{4}$  cents, which is somewhat lower than the price paid in the last half of 1941. The current buying price on evaporated milk is also lower than in the latter half of 1941.

## LAMB CROP SMALLER THAN IN 1941

The 1942 lamb crop is estimated to be 2 percent smaller than the record crop of 1941 because of heavier losses during the lambing season. Feeder lambs are being contracted for fall delivery at a price about \$1 per hundred pounds higher than in 1941.

Ceilings effective from August 10, 1942, to October 8, 1942, have been set on prices of lamb carcasses and on wholesale and retail cuts; they are based on the highest prices for the period July 27 to July 31, 1942. Ceilings will very likely be continued after October 8.

## BIG DEMAND SUPPORTS POULTRY PRICES

The increased supply of poultry can be marketed this fall at prices well above those which prevailed in 1941. Egg prices will be supported by lend-lease purchases of dried eggs, as well as by high consumer incomes.

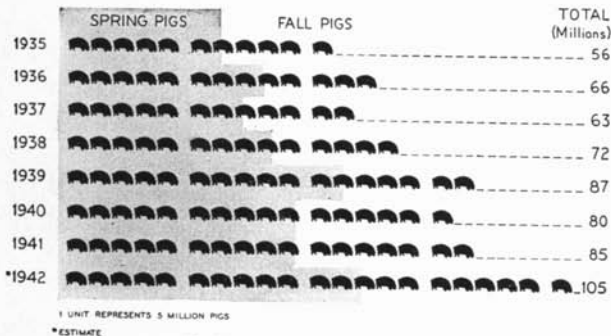
For the first six months of 1942, 16 percent more eggs were produced than in the same period in 1941, and there were in July about 15 percent more hens on farms than a year earlier. Since less pork, beef, and mutton is going to be available than people want to buy at present prices, there will be an increased demand for this large supply of eggs and poultry meat.

The egg-feed ratio is likely to be more favorable than average.

## GOOD PRICE FOR RECORD HOG CROP

Hog prices supported by huge Government purchases . . . December and January marketings to be avoided . . . Very favorable hog-corn price ratio will decline somewhat.

The 62 million spring pigs in 1942 were 25 percent more than the number in the 1941 spring-pig crop. The 1942 fall crop is expected to be 22 percent larger than the fall crop last year. Almost 400 million more



U. S. pig crops 1935-1942

bushels of corn will be needed to finish the pigs farrowed in 1942 than was fed to those farrowed in 1941.

In June, 1942, the Government purchased 30 percent of the inspected hog slaughter and 45 percent of the lard. Government purchases are expected to remain at a high level during 1942-43 and this will tend to keep prices up.

Hog slaughter this fall and winter will be 25 percent larger than that of last year and may overload packing plants in the peak period of December and January. Farmers are urged to market early pigs before December and to carry late pigs until after January.

Feed prices may be higher because of increased numbers of livestock, but the hog-corn price ratio will be favorable for further expansion unless Government purchases of pork products are reduced because of extreme difficulties in ocean shipping.

Cooperative Extension Work in Agriculture and Home Economics: University of Illinois, College of Agriculture, and the United States Department of Agriculture cooperating. H. P. Rusk, Director. Acts approved by Congress May 8 and June 30, 1914.