...en's Assn. Reports on Cycle

...mbers are build- ...another bust ...but not inevitable, ...s a report from ...n National Cat- ...ociation. ...Finding Commit- ...ational group re- ...a thorough study ...situation ...are excerpts fr- ...plete report. ...d-up in cattle numbers has now been in progress for two full years. It began in mid-1957 when monthly slaughter figures for cows and calves dropped significantly below rates of preceding years.

Momentum of this build-up is still increasing. This year upwards of five million head will be added to inventories, according to present indications. This compares to 3½ million added last year.

The Association's report indicates prices to producers for all beef cattle sold this year may average $1 a hundredweight above a year ago-- a price probably $3 a hundredweight higher than would prevail if current product ion and slaughter were in balance with no inventory increase.

Serious students of the cattle industry are beginning to ask whether we are headed for another bust like 1953. Such a bust is not inevitable. It can be avoided, according to the Fact Finding Committee. The question is whether necessary steps to prevent a bust will be taken by a large enough number of producers.

Considering probable cattle marketings and prospective supplies of pork and poultry, it seems likely that 1959 will be the high cattle-price year of this cycle, the Cattlemen's Association says. Of course, this estimate could be wrong The highest prices might come next year. But potential further gains from 1959 levels are likely to be so modest that anyone holding cattle for further speculative price gain is carrying a large and increasing risk which the market outlook does not seem to justify.

If enough producers begin to cull their cow herds this fall, next year's calf crop could be proportionately checked and the excessive expansion that is now in progress could be slowed.

It would seem a lot better to begin to top out some cows at current prices than to wait until large numbers have to be liquidated in a downward price spiral says the national committees report.

There are producers who know they are overstocked relative to the normal and safe carrying capacity of their range Present prices offer an opportunity for producers to get back in line with a more normal and safer rate of stocking. And at the same time they can reduce their debt or increase their cash reserves.

In summary, any producer who has cause to be concerned with his capacity to carry his present number of cattle through times of either low or normal feed production, has at this time an unusual opportunity to reduce his risks and improve his position.

In contrast, those producers who persist in hanging on until they have skinned the last thin dime off this cycle boom, may well find themselves losing dollars instead of gaining dimes, the Association said.

If enough producers will recognize the seriousness of further rapid expansion in cattle numbers and then make a move this year to check their own contributions to it, then any real bust in the cattle business in the next few years can be avoided, the cattlemen's report concludes.

N.Y. Order Prices to Go Up

New York, — An upward adjustment in nearby differentials under the New York-New Jersey milk marketing orders will mean increases of up to eight cents per hundredweight for approximately 8,000 dairy farmers in November, it was announced here today.

According to Dr. C. J. Blanford, the market administrator, the adjustment results from the utilization of milk for fluid purposes over the last twelve months. The New York-New Jersey milk marketing order became effective on August 1, 1957, and for the following year the percentage of milk for fluid use was fixed at 55 per cent and over but under 60 per cent in determining the differentials. With actual figures available, the percentage did not change for August or September but fell just below 55 per cent for the twelve months ending with October.

The nearby differential for approximately 3,000 dairy farmers in the 1 to 50 mile zone will increase from 40 to 48 cents per hundredweght beginning with November. The second largest group, 1,400 dairy farmers, located in the 111 to 120 mile zone will have their differential increased from five cents to six cents.

The third largest group of about 1,100 dairy farmers is in the 91 to 100 mile zone where the differential will be raised from 15 cents to 18 cents per hundredweight.

As the ultilization of milk for fluid purposes decreases, the differential to nearby producers ncreases. It is assumed that producers near metropolitan New York-New Jersey contribute more to the fluid market for the entire pool and should be compensated accordingly. On the other hand, if fluid utilization in the pool is high, the contribution of nearby producers is considered less and the differentials are lowered.

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