

Factors Include Big Pork Increase and Slow General Economy

Livestock Prices Under Pressure

The overall livestock situation in the US and in Pennsylvania has been changing rapidly in recent months.

Pork, broiler and turkey supplies are up, significantly increasing the overall meat supply and bringing livestock prices under downward pressure.

The situation has been complicated by the relatively small corn crop nationally. But Pennsylvania has a near-record corn crop.

What does all this mean for the livestock industry? H. Louis Moore, Penn State marketing specialist, presents the following report on the November livestock situation in cooperation with Max Smith, Lancaster County agricultural agent.

Hog Marketings Up

In recent weeks hog marketings have been substantially above year-earlier levels and prices have fallen below the \$20 level.

The 15-per cent increase in the September 1 inventory of pigs under 60 pounds, as well as an estimate of a 14-per cent increase in the June-August pig crop, indicates that marketings will increase further.

Late Fall and Winter marketings will probably be 12 to 15 per cent above year-earlier levels. With this the case prices are likely to weaken from current levels.

A year ago the hog-corn ratio was at 22.2. It now stands at only 13.6. The ratio will likely fall more as hog prices weaken and corn prices rise.

With the sharp decline in hog profitability and the prospect for higher corn prices, hog producers may make some downward adjustment in their late Winter and Spring marketing plans.

Demand for pork has been good during recent months, though not up to the unusually high levels of last Fall. There has been sharp competition from beef, turkeys, and broilers.

The continued slowness in the general economy, higher unemployment, and the crippling automobile strike isn't helping any.

Cattle Markets Under Pressure

Increases in pork, broiler, and turkey supplies and slight increases in beef supplies have kept the cattle market under downward pressure. Slaughter weights are above year-earlier levels.

Fed cattle prices are only about \$1 per hundredweight above year-ago levels. Fed cattle prices are about \$1.50 above a year ago, so it is expected that margins will remain negative through the fall and winter.

Although contracting for feeder cattle in the West has slowed, there is a large supply of feeder cattle this Fall. Rising production costs and the uncertainty of corn prices have made many feeders reluctant to fill their lots, especially in areas

where feed supplies may not be as plentiful as in past years.

On October 1, as compared with a year ago, there were three per cent more cattle in feedlots in the 22 major feeding states. During the July-September period placements on feed were up seven per cent from 1969.

Pennsylvania feeders are harvesting a corn crop only one per cent below the record crop of 1967 and are adding cattle to lots at a rate well ahead of the national rate. In the July-September period, Commonwealth producers placed 24 per cent more cattle on feed and on October 1 had 53,000 head on

feed. This is a 10 per cent increase over 1969.

Fed-cattle marketings in the last quarter of 1970 are expected to be about three per cent above last year — and last year's marketings were 10 per cent above those of 1968.

With higher feed prices it is expected that cattle will be marketed at lighter weights during the Winter.

Even though fed-cattle marketings may increase three to five per cent next year, total beef production may be up only two to three per cent as the trend to fewer non-fed cattle continues.

If consumer demand remains strong, there should be little difficulty in moving this small increase in beef at near current prices, even though large increases in pork supplies are forecast for the months ahead.

Lamb Prices Down

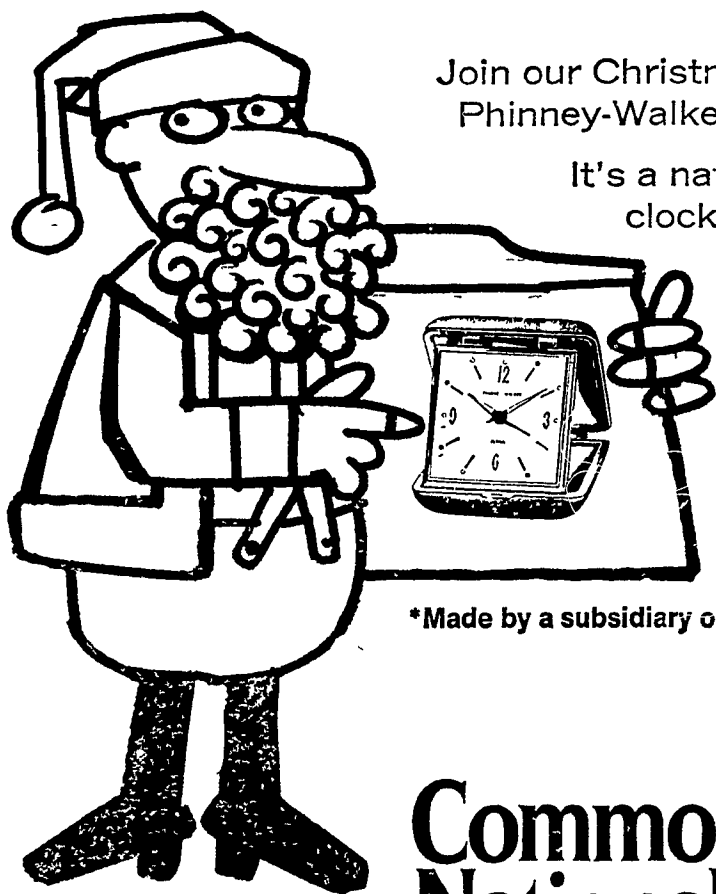
Lamb prices have been running under year-earlier levels since last Winter. The slaughter number has been down slightly, but weights have been up so that production actually has been about the same as a year ago. Lamb prices have been held down because of the larger output of beef, pork, turkeys, and broilers.

By mid-October, lamb slaughter had dropped, as expected, below year-earlier levels. It is therefore possible that lamb prices may strengthen some in the weeks ahead, but prices will continue to stay below year-earlier levels for the rest of the year. The large supplies of other red meats and poultry will tend to limit any significant price rise.

It was believed early in 1970 that 1970 would be the year when the sheep inventory would stabilize or increase, but it now appears that producers are making little effort to maintain the size of their flocks.

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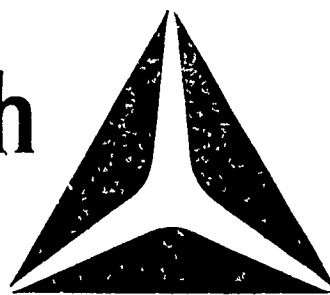
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