

Beef Cattle Industry May Be Heading for Oversupply, AHA Warns

A January 1 USDA inventory report showing a six per cent build-up in replacement heifer numbers and a three per cent jump in beef cow numbers spells trouble for livestock producers in the next two to five years.

That was the recent comment of Bill Helming, director of the American Hereford Association's Cattle Advisory Service.

Anticipating trouble with future build-up of cattle numbers in view of today's favorable cattle prices may seem to be overcautious, Helming conceded, but now is the time to analyze because today's decisions by commercial cow-calf operators on how much to increase cow-herd inventories will directly effect supply and prices three and four years away.

Considering past experience, plus studying the January 1 inventory, it appears that producers should work toward holding numbers in line to maintain the current good health

of the beef cattle industry, he said.

A sound supply-management guideline calls for cow-calf operators to plan their operations so cow numbers do not increase more than one per cent per year for the next three years. It takes only a small increase in cow numbers to produce a proportionately larger increase in beef tonnage.

For example, from 1962 to 1970, the increase in the U.S. cow herd was nine per cent-about one per cent per year. During this same nine-year period, beef tonnage per cow increased about 41 per cent or 4.6 per cent per year.

The major factors contributing to the industry's recent success in improving prices at the producer, feedlot and dressed beef level are:

1. Holding the rate of increase in the U.S. beef herd at an average of about one per cent per year for the last six years.
2. More than enough feedlot and packing plant capacity.

3. Improved market knowledge and price-making awareness.

4. Weather and government policies affecting the supply of beef and feed grains.

5. A strong and steadily increasing demand for beef.

The January 1 inventory figures, plus all other related indicators, suggest that feeder cattle supplies will continue to be tight through 1972—increasing slightly in 1973. "It is our considered opinion there will not be a shortage of feeder calves in 1973," Helming stated.

How well the producer controls the rate of increase in replacement heifers plus the cow culling rate will play a major role in determining the economic future of the beef business during the balance of the '70's, he predicted.

Beef cows and heifers that have calved on January 1 totaled 38,725,000 and were up three per cent, while heifers over 500 pounds and kept for beef cow replacement purposes were up six per cent, or over a third of one million head going to the nation's "cow factory." If the annual percentage increase of six per cent continues for several years, we could have some definite problems from oversupply.

The change in total beef and dairy cattle numbers, as estimated by the USDA, are as follows: January 1, 1972, there were 117,916,000 head of cattle and calves, up three per cent from a year ago and 51,004,000 head of cows and heifers that have calved, up two per cent or 1,057,000 head over the past twelve months.

Live cattle imports from Canada and Mexico during 1971 were 968,862 head, which is 15.2 per cent less than live cattle imports from these two neighboring countries in 1970. Imports from Mexico were down 20 per cent from 1970, due in large part to the drought. Imports from Canada were up five per cent from 1971. Next year, however, imports of Mexican feeder cattle

can jump back to pre-drought levels.

The states of Texas, Oklahoma, Missouri, Nebraska, Kansas, South Dakota, Iowa, Montana, Mississippi and Colorado are the top 10 beef cow producing states. Texas has 5,452,000 head of beef cows, representing 14.1 per cent of the total beef cows in the U.S.

As for the geographical distributions of beef cow numbers throughout the U.S., well over a third (37.5 per cent) of the total beef cows are in the six states of North Dakota, South Dakota, Nebraska, Kansas, Oklahoma and Texas. The 11 southeastern states represent 24.3 per cent of the beef cows and 4.2 per cent more than the 11 western states. The bulk of the increase during 1971 in beef cow numbers was in the midwest and southeastern states, with Iowa, Nebraska,

South Dakota, Missouri, Kansas, Arkansas, Tennessee and Louisiana leading the pack.

The U.S. economy has produced eight million new jobs in the past five years, and total employment is currently at 80.5 million people—an all-time high. Personal "take home" income increased eight per cent in 1971, as compared to 1970. This is why demand for beef has been so good, Helming said.

In conclusion, "we believe we can justify a gradual increase in numbers and beef tonnage, but we recommend that cow-calf operators respond positively by using: (1) Stricter culling practices in their cow herd during the next three years to reduce old cow numbers, and (2) Keep fewer replacement heifers to avoid too rapid a build-up in young cow numbers," he said.

Lancaster Co. Farmers Association Meets

The Lancaster County Farmers Association met Tuesday evening at the Farm and Home Center.

Plans were made for the summer picnic. A pork barbecue will be held at 7 p.m. Saturday evening, July 29, at West Lampeter Community Fair Grounds.

Ten members will go to Washington March 14 and 15 to visit with Congressman Ed Eshelman.

The Association moved to support the sending of kids to 4-H training conference in Washington in April if funds are needed.

Study will be made in having a better informed membership,

maybe in the form of a monthly newsletter.

Plans are being made for a "Meet the Candidates" meeting in connection with the newly formed legislative district in Chester County and part of Lancaster County. A committee was appointed for this with Ivan Yost as chairman and Nathan Stoltzfus.

A committee was appointed to study purchasing bumper stickers which would promote Lancaster County agriculture. Reports were given on FMBAS, Insurance, Livestock and Dairy Marketing.

Membership was reported at 1,094, which is 75 short of the 1972 goal.



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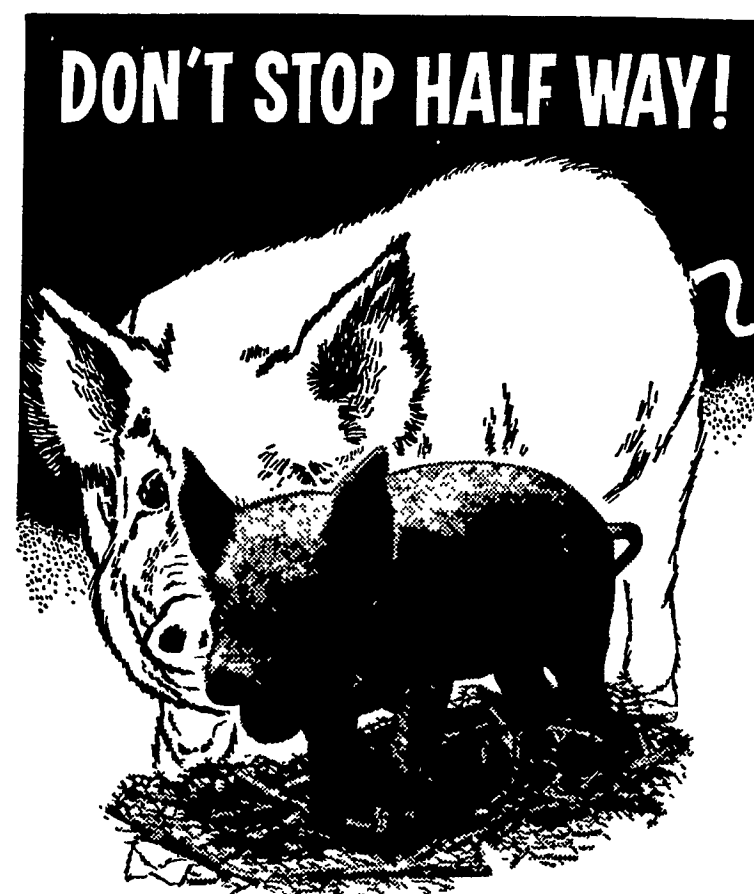


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