Drop in cattle numbers

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calved between July of 1976 and July of 1977 dropped by 10 per cent. An estimated 182,000 beef cows were on Pennsylvania farms as of July 1 of this year.

At 130.6 million cattle on U.S. farms on July 1 of this year, cattle numbers have dropped by 9½ million since July 1 of 1975. That sets the stage for expansion - especially since feed costs have dropped significantly - and profit margins should look more favorable.

Excepting the year 1934, cattle numbers have peaked in every ten years at mid-decade: 1945, 1955, 1965, and 1975. This definite pattern gives cattle industry leaders further confidence in their belief that the future looks brighter. Cattle cycles are relatively predictable every 10 to 12 years, experts say. Topper Thorpe of the National Cattlemen's Association predicts the trend will not change and therefore in the mid "...1980's we'll be right back where we have been."

Thorpe says that by January 1 of this year, there'll be only 50.5 to 51 million head of beef cows in this country. He further predicts that improved feeder prices will create banker confidence and that the producer position will improve. "Good quality replacement cows and heifers won't get cheaper... the cow calf man will be in the driver's seat," says another cattle expert.

Robert Reierson, economist for Monfort's, the huge cattle firm in Colorado, opinionizes that not all segments of the beef cattle industry will be profitable until per capita supply is down to 110 to 115 pounds. Moore predicts per capita beef consumption for 1977 will fall back to 125 pounds, after having been record high in 1976 at 129 pounds. He sees a further decrease in beef consumption for next year as well. It should be noted, however, that Reierson was talking per capita supply, while Moore is figuring consumption.

Moore explains that the record 129 pounds of beef per person in 1976 came about because of the market being saturated with beef. "Liquidation of cattle numbers during the last two years resulted in more old cows being sold; in essence throwing more beef on the market."

"Over the long pull, the next three or four years look favorable," Moore predicts.

The Penn State agricultural economist is reluctant to predict prices, however, saying that there are a couple of "monkey wrench factors" involved. The major factor which is already being felt is low priced feed. Moore predicts cattlemen will take advantage of this situation and fill their feedlots. More beef will be coming to market than was anticipated.

But the cattlemen won't be alone in this expansion trend. Hog and broiler producers are seeing the same thing, and with that will come increased competition among these three major segments of the meat industry. This higher than anticipated production throughout the rest of 1977 and into early 1978 will probably mean that price recoveries won't be as strong as suspected earlier.

Dr. Glen Grimes, livestock marketing specialist from the University of Missouri, predicts cattle slaughter next year at 43.5 million head, and 40.5 million for 1979. The 1977 figure is expected to total 47.3 million. Prices indicated by Grimes for the remainder of this year on feeder steers at Omaha fall into the low $40 range and the mid and upper $40 range for 1978.

Like Moore and others, Grimes declares that cattle feeders are in a better position with lower grain costs and cattle prices will increase modestly.

Lowered feed prices will result in a decline of non-fed beef coming to market. Instead, these animals will come off pasture and go into feedlots, where they'll grow an extra couple of hundred pounds. Earlier, these cattle had been sent to market directly from the range and pasture, explained Moore. Midwestern cattlemen see the same trend taking place. Cheap grain is bringing numerous Midwestern producers back into the market for calves and yearlings and this is regarded as a strong force for strengthening that market. But it's also noted by the experts that psychology plays a strong part in establishing cattle prices, and that often factors not directly concerned with production or consumption influence the market. Bankers and the futures market are two examples.

To counter adverse psychology, producers are advised to keep abreast of such industry influencing factors as grain supplies and demand, competitive meats, governmental actions and consumer demands, plus keeping accurate records of production costs. "More skill in marketing is needed," said Lewis, who warns of slaughter steer and heifer price problems for next May, June and possibly July, but otherwise an improved slaughter market.

In summation, it was pointed out that the industry has gone through a "survival of the fittest" shakedown. Stronger operators have survived. Less productive cattle have been liquidated. The current national herd is the highest quality and most productive ever, ready for producers to capitalize on the turnaround which is in the offing.

Feed prices won't go up much, adds Moore.

Newsletter covers wheat

WASHINGTON - The first issue in a series of commodity newsletters planned to help farmers make production and marketing decisions was released earlier this month by the U.S. Department of Agriculture.

Several issues of the wheat letter are planned for publication over the coming year, and a schedule of release dates will be announced soon. Letters covering other major commodities are in the development stage.

Correction

A story appearing last week on seeding rye into cornfields made reference to rye grass. The crop sown was actually rye grain.

TUNNEL VISION... Technician at Raytheon Company, Waltham, Mass., checks inside seams of a 32-foot-long microwave oven. The tunnel-shaped ovens are being used by meat processing firms to partially thaw frozen blocks of meat from -10 degrees F to about 26 degrees, the perfect temperature for slicing.