Packers

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The crowds of cattlemen listened intently to the comments of several packers and meat retailers. Carl Venezia, a retail butcher near Norristown, Mike Silverberg of Moyer Packing, Vernon Trueth from Trueth Packing of Baltimore, Max Rosenberg from Linden Packing in New Jersey, and Ozzie Petri, from Giant Food Stores in Carlisle delivered short speeches pleading their side of the beef industry.

High on all of the packers and retailers list was the need for Pennsylvania beef feeders to send cattle to market 12 months out of the year rather than just 3 or 4 months.

The packers promised the cattlemen they would have a top-dollar market for their cattle if they would just keep sending them steadily into the sales stables. They said a steady supply of beef to the packers would help to take the extreme highs and lows out of the current cattle market.

The packers emphatically stated they could pass on the dollars saved in not having to ship cattle in from the Midwest on to the Pennsylvania cattlemen. This raised eyebrows and some questions from the group.

One farmer asked if this was true, why weren't the Pa. prices better than the the Peoria prices now. The answer he was given was that Pa. cattle feeders are too undependable.

According to the packers from Linden and Moyer, it costs approximately $2.50 a head to truck cattle from Peoria, or about $1000 a truckload.

Silverberg told the group that Moyer Packing has to go out of Pennsylvania for 50 percent of its cattle needs. This will increase after the new Moyer plant is completed that will handle a kill of 100 head an hour.

The stand the packers were taking was economical. They want lean beef, they told the group, and they want it every week.

But is this really feasible for the beef industry? The packers were asked if they had ever raised beef cattle, and only one said he had some experience.

With cows normally dropping one calf a year, usually in the Spring, the steady supply of feeder calves for the feedlot is not a matter of just wishing it to happen.

Cow,calf operations schedule their calving intervals to take advantage of lush grass, warm weather, and as many conditions to give their calves a chance to grow without stress as possible.

This type of cycle does not lend itself well to 12 month out of the year feeding and marketing.

Will the packers eventually be given cattle on a regular basis throughout the year? If Pennsylvania farmers want a steady beef check from nearby packers, they may try to adjust their calving intervals. But it will take some time to make the needed management changes—it's not something that will be happening overnight.

In the past several years, farmers and cattlemen responded to the demand by consumers and packers for leaner, less wasty beef. They could probably handle 12-month beef demand.

The question is, do they want to? They know the market's there—now it's up to them.

It was standing room only for the crowd at the New Holland Sales Stable's beef meeting.

Farmers feeling effects of tight money policy

WASHINGTON, D.C. — The current high interest rates and tight credit conditions are having more of an impact on the agricultural sector this year than has been the case in recent periods of tight money.

According to USDA economists, this is partly due to the greater interdependence of agricultural and non agricultural financial markets. As a result, the high interest rates and tight credit prevailing in nonagricultural financial markets are spilling over into agriculture in a bigger way than in earlier years. In addition, agricultural production has grown more dependent on credit in recent years, increasing the agricultural sector's vulnerability to swings in credit conditions.

Economists of the Economics, Statistics, and Cooperatives Service report that the sharp rise in interest rates has added significantly to the cost of carrying inventories. This factor may be partly responsible for the pronounced weakness in spot and futures markets of industrial raw materials and agricultural products in late March and early April.

Higher interest rates have also been accompanied by a rapid appreciation of the dollar during the first quarter of 1980, which may in turn be contributing to the price weakness of some commodities most dependent on export markets.

The new controls on consumer credit likely will limit the expansion of consumer credit in coming months. Real GNP continued to increase moderately during the last half of 1979 and the first quarter of 1980 because consumers went deeper into debt to maintain spending levels.

The food market, however, has not benefited from the increase in credit-financed consumer spending. Constant-dollar sales of food stores and eating and drinking establishments have been weak for the past year or two.

Retail food sales—in constant dollars—are not expected to increase until real disposable income begins to rise.

Retail food prices, as measured by the Consumer Price Index, rose 0.5 percent from January to February—an annual rate of 6.2 percent. This was less than a third of the 21 percent annual rate of increase in nonfood prices. On a seasonally adjusted basis, the food price index was unchanged from January to February—the second month in a row this has occurred.

Grain harvest in the Southern Hemisphere is now in full swing, and total production appears about equal to last year's output. However, a record soybean crop in Brazil is contributing to downward pressure on world prices for soybeans and products.

As the 1979/80 production year draws to a close, international markets will become more sensitive to prospects for 1980/81 crops. Prospects currently are good for 1980 grain crops in the Northern Hemisphere, and world grain production for 1980/81 could be larger than in 1979/80, especially if crops recover in the Soviet Union.