

# Days of cheap calves gone, livestock marketers told

SAN LUIS OBISPO, CAL. — The days when cattle producers could shop the nation for "cheap calves" are gone, livestock economist Edward Uvacek, Jr., told the recent Livestock Marketing Congress '80.

"There are no more pockets of cheap calves around anymore," Uvacek said at the opening session of the Congress, held here and conducted by Livestock Merchandising Institute.

And, he said, "We're moving more and more to a national market for feeder cattle."

In contrast to the coast-to-coast production of feeder cattle, Uvacek noted the "very highly concentrated" feedlot industry, and said it had a major impact on the livestock industry.

Uvacek said 212 feedlots feed 16,000 or more head of cattle yearly, or 41 per cent of the nation's total.

Of the 212 feedlots, 60 are

owned by 20 firms, he said.

Turning to the economic outlook for the industry, Uvacek said that although costs will continue to rise, by 1983 or '84 everybody will want to get back in the industry again because it will be profitable.

The livestock industry is now in the second year of the current cattle cycle, and the peak of the cycle will probably come in 1986, he said.

A relatively slow buildup in numbers can be expected from now through 1982, with the rebuilding peak occurring about 1984-85, according to Uvacek, an associate professor at Texas A & M.

The best prices for calves should come from now through 1984, he said.

Although he said the economy was going into a major recession, Uvacek said "I don't think it'll have that much impact on meat in

general."

He cited the availability of cheap pork and chicken, and predicted that consumers will be substituting cheaper meats for beef.

He also listed several elements, outside of normal supply and demand factors, which he said are affecting the livestock industry. These include:

- Weather
- Futures markets.

"Research has now proven

that this market affects cash prices," he said.

"This is a whole new ball game and it behooves us to learn how to use it."

Trends in beef eating habits, including the use of texturized vegetable protein as an extender, and the growth of fast food restaurants. Saying "We may have peaked out in the growth of the hamburger society," Uvacek added that fast food growth is now in the fish and chicken areas.

Decisions made in Washington, both legislative and regulatory.

The federal food stamp program, which pumped \$8 billion into demand for food in 1979.

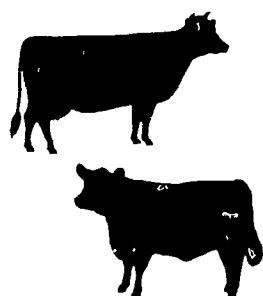
The outlook for the rest of the year will be much better than the first part of 1980, he said, predicting light fed cattle marketings for the rest of this year.

Fat cattle in the third quarter should bring \$72-\$76 cwt., and \$74-\$78 cwt. in the fourth quarter, he said.

If fat cattle do go to \$70 cwt., that may be the "magic number and feeder prices will take off," he added.

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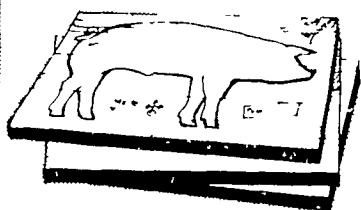
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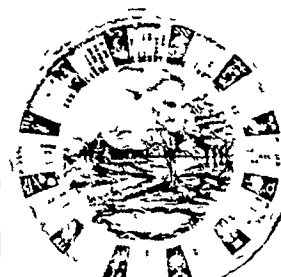


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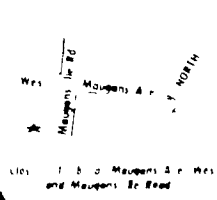
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