

# Livestock prices, production costs increase

LITITZ — Livestock prices, particularly hog prices, rose sharply in July and early August, raising gross returns to producers. However, feed costs also increased rapidly, offsetting much of the higher returns.

Hog prices at Omaha increased from \$43 per cwt. in early July to almost \$50 in mid-August. Prices increased as hog slaughter declined from spring and year-earlier levels. Slaughter under Federal Inspection averaged 1.6 million head per week during the first half of the summer quarter, down from the record 2 million this spring, and 4 percent below a year earlier.

However, hog slaughter is expected to begin increasing substantially in September, with a further seasonal in-

crease in October. During this period, hog prices could drop to the mid-to-upper \$30's before rising later in the quarter as hog and broiler production declines.

Production costs for hogs have increased because of a sharp rise in corn and oilseed meal prices. Corn at Chicago increased from \$2.65 per bushel in early June to \$3.30 in mid-August. Soybean meal prices at Decatur rose from \$160 per ton to \$200.

These increases boosted total cash costs to nearly \$45, a gain of nearly \$5 for every cwt. of hogs sold. So although hog prices exceeded production costs in early August, they may fall below production costs later this fall.

These increased production costs may result

in less pork being produced in 1981 than earlier expected. Since many hogs are produced on livestock-grain farms, some farmers may elect to sell their corn directly rather than market it through hogs.

This may cause June-November farrowings to be even smaller than producers indicated on June 1, 1980.

Feedlot placements will increase above year-earlier levels in the second half of 1980, but sharply higher feed prices will moderate the rate of increase, despite higher Choice steer prices and a likely return to profitable margins this fall.

However, nonfed steer and heifer slaughter will increase because of the large feeder cattle supplies and drought-reduced grazing capability throughout many of the over-wintering area.

Nonfed slaughter is expected to remain large at least through the first quarter of 1981. Consequently, third and fourth quarter 1980 beef production will be near to slightly above year-earlier levels.

Fed beef prices will be bolstered late in the fourth quarter as fed cattle marketings and supplies of competing meats decline. Increased nonfed slaughter

will help moderate price increases for fed beef as well as for hamburger and processing meats.

Fed cattle prices may average in the low \$70's in the third quarter and increase of near \$75 late in the fourth quarter. Yearling feeder cattle prices will be held down by increased feeding costs and reduced demand. Yearlings likely will average only in the mid-\$70's for the rest of the year.

Continued drought and bunched feeder cattle marketings could force prices even lower.

The midyear cattle inventory indicated a rapid early rebuilding of cattle inventories in the Plains and Western States where the cattle enterprise is a major source of farm income.

U.S. cattle numbers on July 1, 1980, were estimated at 123 million head, a four-percent increase over the 118 million a year earlier. The beef cow inventory expanded by six percent, or 2.3 million head. Record high cattle prices in the spring of 1979, favorable grazing conditions until this summer, and a very mild winter were all conducive to herd expansion.

## Firm to defend use of Captan

SAN FRANCISCO, CA — Chevron Chemical Company Thursday announced that it will defend the continued use of the fungicide Captan, used to fight plant diseases such as blight, mold, rot and mildew in a wide range of fruits and vegetables.

The announcement was made in response to the issuance of a "Notice of Rebuttable Presumption Against Registration" for Captan by the U.S. Environmental Protection Agency.

The RPAR document addressed two major criteria: mutagenic potential and oncogenic or tumor forming potential.

"In our opinion, when all the evidence available is

evaluated, there is no hazard to the public from exposure to Captan," said E. L. Stripling, Jr., Vice President and General Manager of Chevron's Ortho Agricultural Chemicals Division.

"Captan's long record of performance as a fungicide has been outstanding. We will make every effort to provide ERA with all the in-depth scientific data they need and we are confident that after examining the information, EPA will rule in favor of the continued use of Captan as a fungicide," Stripling said.

The compound, which is presently registered for use on more than 40 different crops has been a standard

agricultural fungicide since it was first introduced to farmers in 1951.

Major use of Captan are in the fruit and vegetable markets and as a seed-treatment for field crops. Experience with field use during the past three decades and extensive laboratory studies have shown the chemical to be extremely low in toxicity.

"We're certain that a rigorous examination of all available data will prove that Captan does not pose any significant hazard when used according to label directions," Stripling said.

RPAR is a process by which EPA reviews data on an already-registered pesticide. As part of its regulatory function, EPA has the option of selecting certain pesticides for an RPAR if they were approved under earlier regulations that may have been changed in recent years. However, RPAR does not mean that

the product is banned. Farmers can continue to use Captan during all phases of the investigation.

During the process, registrants must submit evidence to show that the EPA presumption is not valid, or that methods of use and exposure are such that any potential for adverse effects is so low as to be acceptable.

Neither EPA nor Chevron spokespersons were able to give a precise date when an RPAR decision would be reached on Captan. However, the complete investigatory process frequently takes as long as two years.

There is a 45-day period following the notice for the submission of public and industry comments. Chevron spokespersons said that under EPA procedural rules, there are provisions to have the deadline extended by an additional 60 days.

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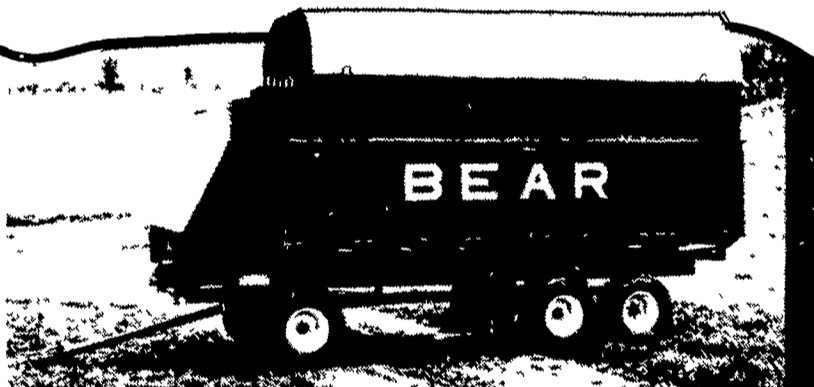


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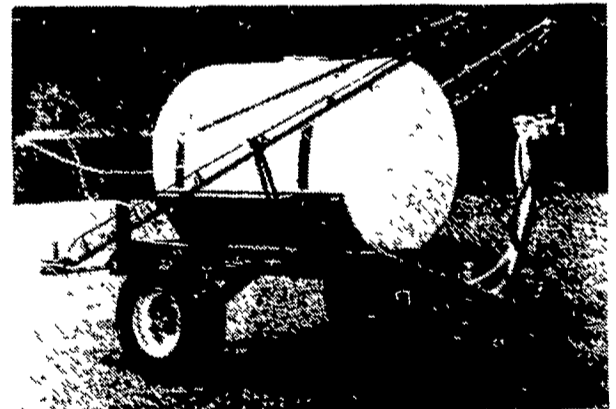
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