

Livestockmen see interest rates, weather as keys to 1981 success

HILTON HEAD ISLAND, S.C. — Interest rates and weather conditions are keys to the success of the livestock economy in 1981, directors of Livestock Marketing Association said here recently.

The nine directors, all veteran marketing businessmen from across the U.S. and Canada, were participating in a region by region "Marketing Outlook '81" session at LMA's annual meetings.

Several factors were discussed as having a potential impact on the livestock economy. But the general consensus was expressed by James E. "Ed" Frost, Springfield, Mo., when he said "moisture interest rates are going to be determining factors in the price and supplies of livestock."

A prime rate in the mid-teens could add from \$5-\$10 cwt. to the returns on 1981 light calves and yearling cattle, and from \$50-\$100 per head on stocker cattle, he said.

Current interest rates are hurting cattle feeders who want to expand their operations, said Wayne F. Craig, of Shippensburg.

Lex Rutherford, Toronto, Ontario, said more producers are being driven into bankruptcy by high interest rates. As a result, banks are taking harder looks at

prospective borrowers, especially cattle feeders.

The directors predicted the prime interest rate will drop, generally agreeing with Charles E. Leask, Regina, Sask., who forecast a prime of 12-14 percent by June.

However, W.H. "Billy" Hodges, Alexandria, La., predicted the prime would stay between 16-20 percent. He also said competition in the South for grazing land between cattlemen and crop producers, along with drought conditions, are keeping cattle numbers down.

Joel Bennett, St. Paul, Minn., also said he was concerned that dry conditions would lead to a continuing liquidation of the cattle herd in 1981.

Met Johnson, Cedar City, Utah, said extreme drought conditions in California have reduced cattle numbers about 20-25 percent, and by about 20 percent in Arizona. Numbers are also down in Utah and Nevada, he said.

Johnson reported some banks in his area are now matching the interest rates of local Production Credit Associations in livestock loans.

Cattle numbers are down in the west and Pacific Northwest, ac-

ording to Urban J. "Shorty" Arnzen, Cottonwood, Idaho.

"The cattle aren't there, and the yearlings aren't there this year. A lot of light cattle are being kept on the ranches," he said.

Both Johnson and Arnzen expressed support for the so-called "Sagebrush Rebellion," the effort of western states to gain more control over land now owned by the federal government. Permits allowing cattlemen to graze cattle on these federal lands have been reduced, causing a reduction in total cattle numbers, they said.

Frost also commented on cattle numbers, noting he witnessed from 10-15 percent cattle marketed in 1980, primarily because of severe drought conditions in the Midwest. Rutherford said cattle numbers in eastern Canada are up somewhat, but the number of marketing transactions last year was down because of higher interest rates and feed costs.

Weather conditions have had a varying effect on feed and forage conditions throughout North

America, according to the directors.

"If the west's mild weather continues, we could see a carryover of hay for 2-3 years," said Arnzen.

Frost and Pat Kelly, Arcadia, Fla., reported, however, the hay crop is short in many parts of their regions, due to weather conditions.

Several directors called for changes in current federal and state animal health regulations. Arnzen said more uniformity in

these regulations from state-to-state is critical if the marketing sector is to continue to keep livestock commerce moving.

And Hodges called for more trust between states and an end to states using health regulations as blockades to livestock commerce.

Disagreement was evident on the future of electronic livestock marketing. "Although the industry is not ready for it yet, there will definitely be some sort of electronic system," Bennett said.

Goat breeders to meet

PILLOW — Heart of Penn goat breeders will celebrate Valentines Day a week early when they have a covered dish supper following their short business meeting on February 7, 1981.

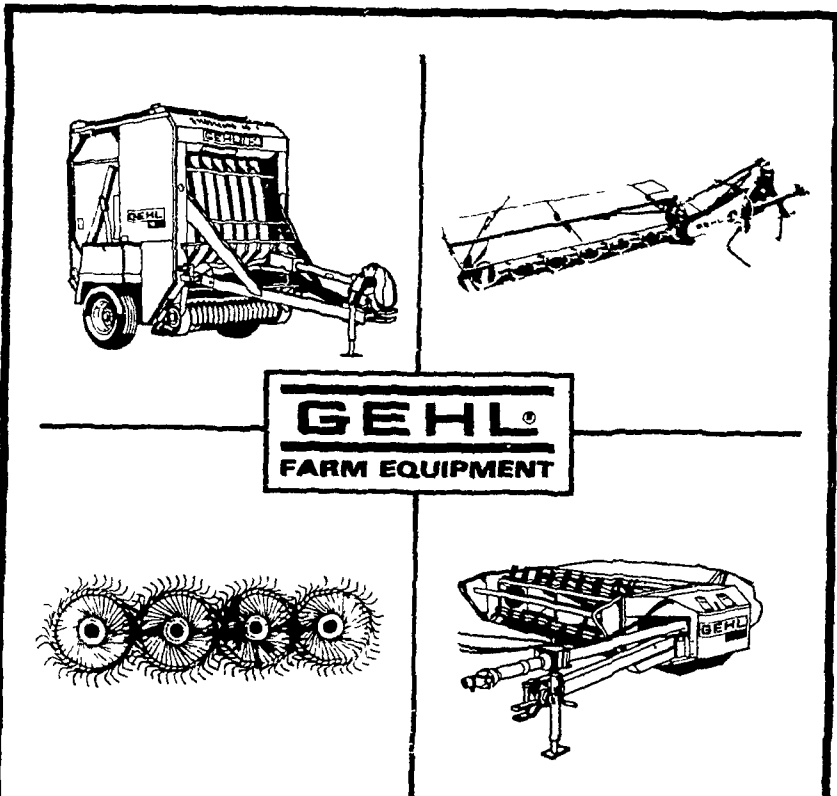
So that those attending don't get too hungry during the meeting the group will be called to order promptly at 8 p.m.

Anyone owning or interested in dairy goats is welcome to attend

the event, whether or not they are members.

The February meeting will be held near Pillow, in the Southwestern corner of Northumberland County.

For information about the meeting or organization or for directions to the meeting place call the secretary, R. Molaro at 717/758-8359.



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