Lou Moore looks at livestock economy

UNIVERSITY PARK — The economy has slipped into another recession, recovering only slightly from the 1980 recession. The housing and automobile industries have been the hardest hit, and the ripple effects have bumped most of the remaining parts of the economy, including agriculture.

Approximately 8 percent of the labor force is unemployed, and unemployment is expected to reach 9 percent as the new year gets under way. Consumer purchases of many items have dwindled. Many have adjusted to lower-priced foods.

This is particularly true in the red-meats area, as purchases of beef and pork seem to have dropped since October, reports Penn State agricultural economist Lou Moore.

Red Meat Production

Beef and hog prices should have strengthened in October, because red meat production dropped 4 percent from October 1980. Beef production dropped 3 percent and pork output was off 6 percent. Less meat and a somewhat larger consumer population than a year ago should have pushed cattle and hog prices up.

Instead, prices of both have fallen sharply and stabilized at the lower level. Hog prices at the major markets are averaging $41 to $42 per hundredweight, about $5 less than last year's unprofitable price. Slaughter cattle are averaging $60 to $61 per hundredweight, down $3 to $4 from a year ago. The beef and hog industries have in general been without profit for longer than 2 years.

Feed Grain Prices Sharply Lower

Beef and hog producers have been able to weather the lower prices for livestock only because of sharply reduced feed costs. Corn at about $2.62 per bushel at Chicago is $1.07 below a year ago. Soybean meal may be purchased for about $75 per ton less than was the case in December 1980. Despite low livestock prices, many grain producers believe that feeding their grain makes more sense this fall and winter than does marketing of grain for cash.

Feed prices, under the pressure of bumper crops, are likely to remain sharply below the levels of a year ago. The corn crop nationally is forecast at a record 8.1 billion bushels, 22 percent greater than last year's drought-reduced crop and about 200 million bushels larger than the previous record set in 1979. Domestic feed use and exports of feed grains will increase moderately during the marketing year, but the carryover next October 1 will be 40 percent greater than this year.

Next October's carryover of corn will be about 1.5 billion bushels, compared to about a billion bushels this past October. The prospects of such heavy carry-over will be a burden on the markets, preventing substantial price recovery, unless the Soviets would buy an additional 10 to 15 million tons of grain above the 15 to 18 million tons they are likely to purchase. It is this bleak prospect for grain price improvement which has encouraged many to plan to feed their grain to their own livestock in the months ahead.

Interest Rates and Feeder Cattle

The economic environment, with its extremely high interest rates, is of great concern to the livestock industry, particularly cattle producers. Even though the prime interest rate has fallen to 15½ percent, the placement of animals into feedlots does not seem to be quickening. The cash-flow position of many feedlot operators has approached zero. It is the banker who will be deciding whether some producers will or will not be feeding cattle this winter.

The decreased demand for feeders and the resulting low price have made many cow-calf operators reluctant to sell feeder cattle. Many have been in the position to keep extra cattle because of excellent fall pasture conditions and a good 1981 hay crop. Price advances for feeder cattle are in the next few months likely to be limited to minor seasonal increases, even though prices of 500- to 600-pound feeder cattle are currently $13 to $14 per hundredweight less than a year ago.

Economy Calls Shot

Economic prospects will play a key role in shaping the livestock economy in 1982. The supply of red meat and poultry continues to be more than ample. Poultry supplies were up 10 percent last summer and continue at 1 to 2 percent above the high levels of a year ago. Consumer demand is not expected to increase substantially until the economy begins to improve, which may not occur until mid-1982. Continuation of belt tightening for the livestock industry is expected for several more months.

Shipping fever cases increase

GETTYSBURG — "We are experiencing an unusually large number of shipping fever cases in this area of the state, reports John Schwartz, Adams County Agriculture agent.

Beef producers should take steps to minimize exposure to this complex of respiratory disease, he advises.

Shipping fever is not a single disease, but a group of respiratory infections. Organisms that cause shipping fever or pneumonia include **Pasteurella spp. Haemophilus somnus**, IBR virus and PI3 virus. Other bacteria and viruses in combination with other organisms will cause shipping fever.

Stress is an important factor in determining whether shipping fever will occur. Stress includes weaning, vaccination, handling for tagging, castration, implanting, shipment, exposure to new cattle, change of feed and change of water.

In Pennsylvania, the most common cause of shipping fever is **Pasteurella hemolytica.** This bacterium causes a severe inflammation in lungs of stressed cattle. The bacteria is usually resistant to one or more of the commonly used antibiotics.

"The only sure way to identify the type of bacterium and its sensitivity to various antibiotics is to culture samples taken from the throat or lungs of an affected animal. These samples may be taken at autopsy or by special sampling techniques which your veterinarian may perform on live animals. Consult your veterinarian for treatment," recommends Schwartz.

To reduce the risk of shipping fever on your farm, follow as many of these steps as possible:

—Know your feeder calf supplier;

—Buy direct from the farm;

—Buy calves that have been weaned at least 2 weeks before shipment;

—Buy calves that have been vaccinated at least 2 weeks before shipment against IBR-PI3, and Pasteurella;

—Avoid handling cattle more than is absolutely necessary the first 3 weeks after arrival on the farm;

—Provide clean feed and water where cattle can easily find it on arrival;

—Provide good quality hay and moderate amount of grain on arrival;

—Check pens at least twice a day for the first 3 weeks;

—Separate sick calves for diagnosis and treatment;

—Work with your veterinarian on diagnosis and recommended treatments. Using the wrong drugs is a waste of time and money;

—Have dead calves autopsied.

"We are concerned with animals going to the Farm Show," admits Schwartz. "We would highly recommend a booster injection of IBR & BVD and Pasteurella, especially if the injection was given more than 30 days prior to the moving of cattle to the show.