

Lou Moore reports better news for livestock industry

UNIVERSITY PARK — Times have been tough in the livestock industry since mid-1979. In the 30-month period from mid-1979 through December 1981, cattle feeders turned a profit in only three months, while hog production was profitable in only five of those months.

Despite the current deep recession, 1982 will be a much improved year for livestock producers. Cheap feed and a sharp cut in hog production will brighten the profitability picture in 1982, predicts H. Louis Moore, Penn State marketing specialist.

More Feed at Lower Prices
Corn production in 1981 was a record 8.2 billion bushels. Production was up 23 percent from the 1980 drought-reduced crop, and 3 percent above the record previously set in 1979. The crop was double the 4-billion-bushel crop of 1970.

Exports are expected to be down 8 percent from a year ago. Total domestic and export use will be slightly below use a year ago, despite the increase in production. When the 1982 harvest begins on Oct. 1, the carry over of corn is expected to exceed 2 billion bushels — a record. Even though much of the grain will be in the farmer-owned reserve program, the burden of the huge carry over will weigh heavily on the market price of corn.

Even if the 1982 growing season is less than ideal, little improvement in corn prices can be expected in the months ahead. The price of corn is currently about 25 percent below last year's level — providing cheap feed for livestock producers.

Fewer Hogs in 1982

The reduction in hog production which began late in 1981 is continuing this spring. On Dec 1, 1981, USDA reported that hog numbers were down 9 percent. The report for March 1, 1981, indicated that hog numbers were down 10 percent, and the breeding herd was 14 percent below the number a year ago. The pig crop was down 11 percent for the period December 1981 through February 1982. In addition, producers indicate that they will produce 14 percent fewer pigs in the period from March to May.

The reduction in pork output is substantial enough to return most hog operations to profitable levels through all of 1982. Hog prices at major mid-western markets are about \$50 per hundredweight, up a full \$10 from the depressed levels of a year ago. Despite weakened demand caused by the current recession, Pennsylvania producers will likely see hog prices exceed \$55 per hundredweight at mid-year.

Recent experience with unprofitable operations and the high cost of borrowing should prompt producers to think before expanding their hot operations. Yet the old prophesy is likely to come true in 1983, "cheap corn brings forth cheap hogs," notes Moore.

Slowing of Cattle Expansion

Expansion of beef cattle numbers continues, but at a much slower rate than anticipated. The Jan. 1, 1982, cattle inventory was 115.7 million head, up 1 percent from a year ago and up 4 percent from 1980. A record high in cattle numbers was reached in 1975,

when the herd totaled 132 million head.

Expansion has been slowed because returns to cow-calf and feedlot operations have been very poor for over 2 years. Only in recent weeks has any optimism returned to the industry.

The reduction in hog numbers has reduced some of the competition provided by pork. At Omaha, fed-steer prices of about \$68 are up \$6 per hundredweight from a year ago.

With cheaper feed and lower-priced feeder cattle purchased in the last half of 1981, most Pennsylvania cattle feeders are now covering all of their production costs. They have become more optimistic in recent weeks and have been bidding higher prices for replacement cattle. The price of feeder cattle has advanced about \$5 in the last 2 months, and additional increases are expected

in the next six weeks as more buyers enter the market to purchase cattle to utilize pastures

Thus, extra buyer competition is provided for the available supply of feeder cattle next spring, Moore concludes.

Empire P. Hereford Assn. to meet

ITHACA, N.Y. — Members of the Empire Polled Hereford Association will have a meeting at 2 p.m. May 23 at the home of Mr. and Mrs. James Simmons of Trumansburg, N.Y.

The Empire Polled Hereford Association will sponsor its annual Junior Show July 30 and Classic

Show July 31 at the Cortland Fairgrounds.

Members are planning an exhibit at the Empire Farm Days Aug. 10-12 at Harford and are selling tickets for one-half a side of beef or \$150. The winning ticket will be drawn at the New York State Fair.



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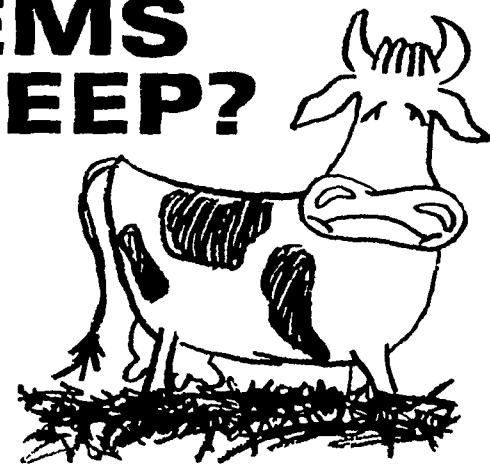
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