

Beef Production Outlook Not Good

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Lancaster Farming Staff
LANCASTER (Lancaster Co.) — Beef producers who attended Tuesday's 1994 Cattle Feeder's Day held at the Lancaster Farm and Home Center were given a strong dose of caution about the industry: profits are going to be marginal at best through the year and at least into 1995.

The annual Cattle Feeder's Day was sponsored by the Pennsylvania Beef Council, Hamilton Bank, Keystone Farm Credit and Dauphin Deposit Bank and the Lancaster County Extension Service. It is held annually to educate and inform producers in the area about issues which directly affect their ability to stay in business.

Organized by Chester Hughes, extension agent, the program has offered a number of well-known experts in various areas of the beef cattle industry.

The word of caution was provided by Tom Brink, director of market research for Cattle-Fax, a private market analysis and research organization headquartered in Denver, Colo., that is currently celebrating its 25th year of

operation.

Brink said that looking at 1994, compared to a year-ago in 1993, all prices for fed cattle, yearling cattle and calves are down significantly, while the price of a bushel of corn is up considerably.

Specifically, he said that on Jan. 22, 1993, fed cattle sold for more than \$80 per hundredweight, while Jan. 21 this year the price was \$73.28 per cwt. Using the same comparison dates, he said that yearling cattle had been \$86.77, and were \$82.99 this January. Calves sold for \$103.72 a year ago, but were \$100.85 per cwt this year.

The price of corn last Jan. 22 was \$2.04 per bushel, while the price was \$2.85 per bushel this year.

"A lot of things today are out-of-balance with normal," he said.

Using a graph to show break-even versus fed price, he said it doesn't look good for the coming year. He said he suspects the industry will be in a loss position through the spring.

The grain prices are of concern, and he said, "we have the tightest corn carryover since the 1970s." He said predictions were that,

based on current usage, current stocks will carryover only 40 days.

According to Brink, the grain prices are the highest since 1984-85, but seem to have settled into the "trading range."

"The pressure is on 1994 corn production," Brink. He said that if production of corn is from 6 to 7 billion bushels, the price can be expected to range from \$2.95 to \$3.40 per bushel.

Production from 7 to 8 billion bushels would range from \$2.60 to \$2.95 per bushel, while production from 8 to 9 billion bushels could drop prices to \$2.30 to \$2.60 per bushel.

He said it is expected that 80 million acres of corn are expected to be planted this spring.

As far as cattle on feed, as of last week, there were 2 percent more than last year at the same time. He said that, nationwide, the population is fairly large.

Also, the weights of fed cattle are higher, he said. According to Brink, the total pounds and the numbers marketed are what drive the market. He said that January weights were the heaviest in 25 years, averaging 1,180 pounds. He said that compares to 1,150

pounds last January and means, based on a 500,000 per week slaughter, "a lot of additional tonnage (meat) has to clear in a week."

Brink also explained that in the beef industry, marketings seem to be more of a function of supply than demand. He said that for the past several years, beef consumption has been steadily increasing. He attributed that to the fact that a generous supply of beef means lower market prices and stimulates consumption.

But he also warned that the supply, which is increasing, in addition to feed prices, means, "For the year it's going to be difficult to show a profit."

Other speakers included Reggie Reynolds, with Virginia Cattleman's Association, who talked about purchasing quality feeder cattle and characteristics to look for; David Ivan, executive director of the Pennsylvania Beef Council, who talked about beef promotion and research; Dr. Bill Henning, Penn State Extension meats specialist, talked about the USDA grading system; and David Price, PhD, a feedlot consultant from New Mexico who provided a number of tips on handling getting

cattle started on feed.

According to Price, its best to get all the necessary vaccinations, dehorning, branding, and other stress-creating activities performed at the same time.

He said this is best because research has shown that each time the cattle are put through a chute they experience a significant degree of stress. He said research shows that it's best to have the stress of one day go a little bit higher than to have it repeated.

Price also discussed feedlot rations and some considerations.

Harold Harpster, PhD, who in addition to being a Penn State ruminant nutritionist, runs his own beef operation, talked about using alternative feeds, in trying to increase margins through reduction feed costs.

Harpster mainly discussed using byproducts from food processing, which he said were relatively abundant in Pennsylvania because of the strong processing industry.

Harpster said that it is "not just what, but how you feed. Success is doing the usual things unusually well."

(Turn to Page A33)

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This conference is part of the demonstration program for alternative agricultural enterprises in southern Maryland. Recipients of the first round of alternative agriculture project grants for farmers will be announced.

Topics to be discussed include alternative enterprise success stories, results of the sweet potato pilot project, outlook and opportunities in aquaculture and nursery production, getting started in an alternative agriculture enterprise, and an explanation of the alternative agriculture grant program.

For conference information and registration, contact Candy Walter, agricultural specialist, at (301) 884-2144 or 870-2520. Registration fee, which includes the luncheon, is \$5. Please register by Feb. 14 to ensure luncheon availability.

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