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G 77-371

Nebraska Livestock Market Outlets

Al Wellman, Extension Economist (Marketing)

There are 629 outlets in Nebraska where one or more species of livestock may be sold. This does not include special sales by breed associations and livestock shows.

Major types of these livestock market outlets are: terminal markets, local markets, auctions, dealers and/or order buyers and slaughter plants.

Auction Markets

Livestock consigned to this type of market are sold on an auction basis with bidding and selling open to the public. These auctions operate on a regular schedule one or more days a week. Such auctions usually receive and sell all classes and species of livestock. Auction markets are also called local sale barns and community sales.

Terminal Markets

This type of market is also referred to as a

central market, public stockyards, open market, and central public market. The facilities are owned by a stockyards company. Income of the stockyards company comes from renting facilities and providing services rather than from purchasing or selling livestock.

Anyone can use the facilities of a terminal market to buy or sell livestock, but in most instances both seller and buyer are represented by a professional sales agent. The major exception is purchase of feeder livestock, most feeder cattle are sold using the terminal market facilities and the auction method of selling.

Two or more commission firms must operate on these markets for them to be properly classified as a terminal. Neither the stockyards company nor the selling agency (commission firm) takes title to the seller's livestock; instead, they provide their services for a fee.

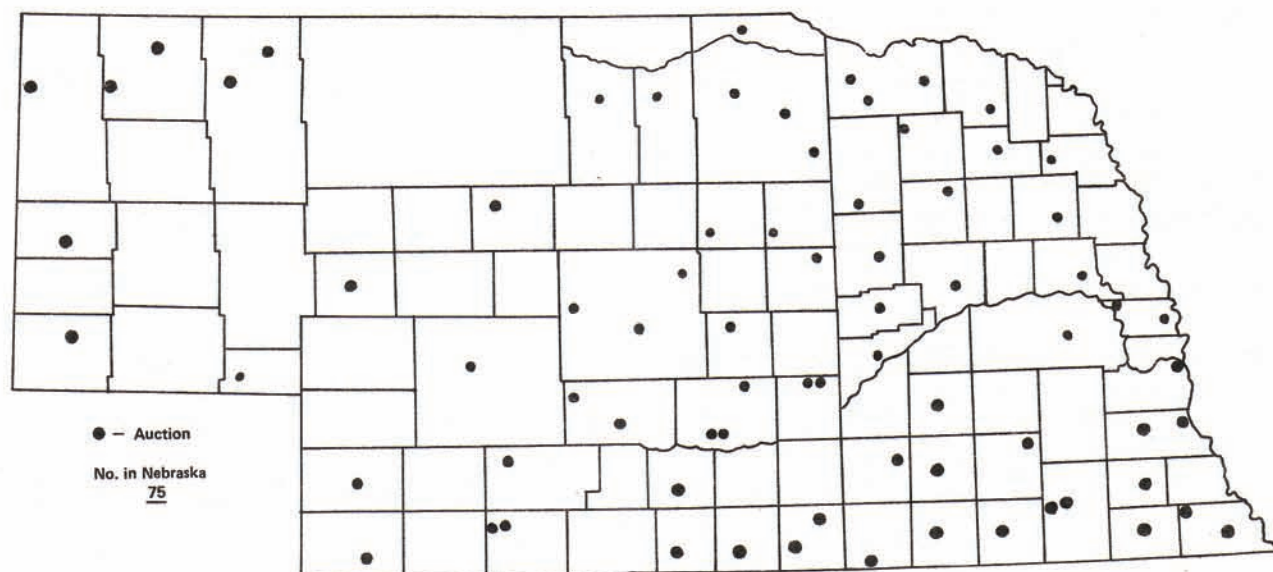


Figure 1. Auction Markets.

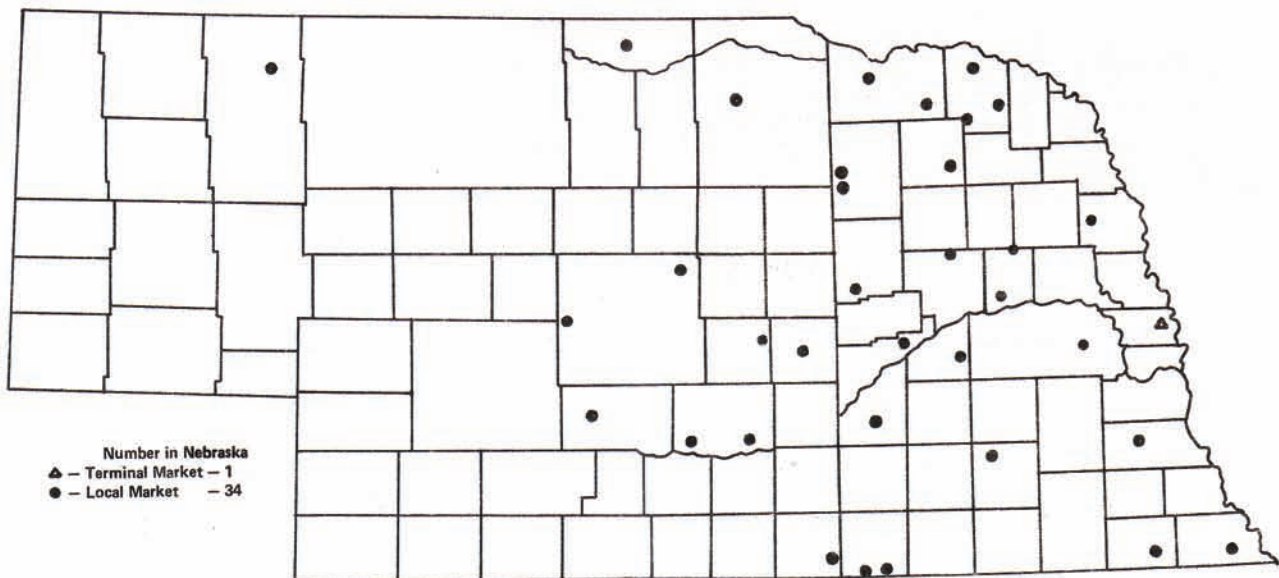


Figure 2. Terminal and Local Markets

Local Markets

Local markets are located in the country near areas of livestock production. These markets have fixed facilities, such as pens, chutes, and scales for handling livestock. The market operates on a regular schedule of one or more days a week. Most local markets in Nebraska are buying stations operated by packers and most of them handle only slaughter hogs. A few of the local markets act as dealers by taking title to the livestock and then reselling the livestock, in most instances to a packer. Local markets are also referred to as local hog markets and country markets.

Dealers

Livestock dealers are independent operators who buy and sell livestock. The dealer takes title to the livestock and resells. His income is derived from selling at a higher price than he paid. Most dealers have limited facilities for handling livestock, in many instances only a truck.

Order Buyers

Order buyers act as the agent of buyers in procuring livestock. For this procuring service order buyers charge a fee based on a per head or weight basis. Many order buyers in Nebraska also operate as dealers.

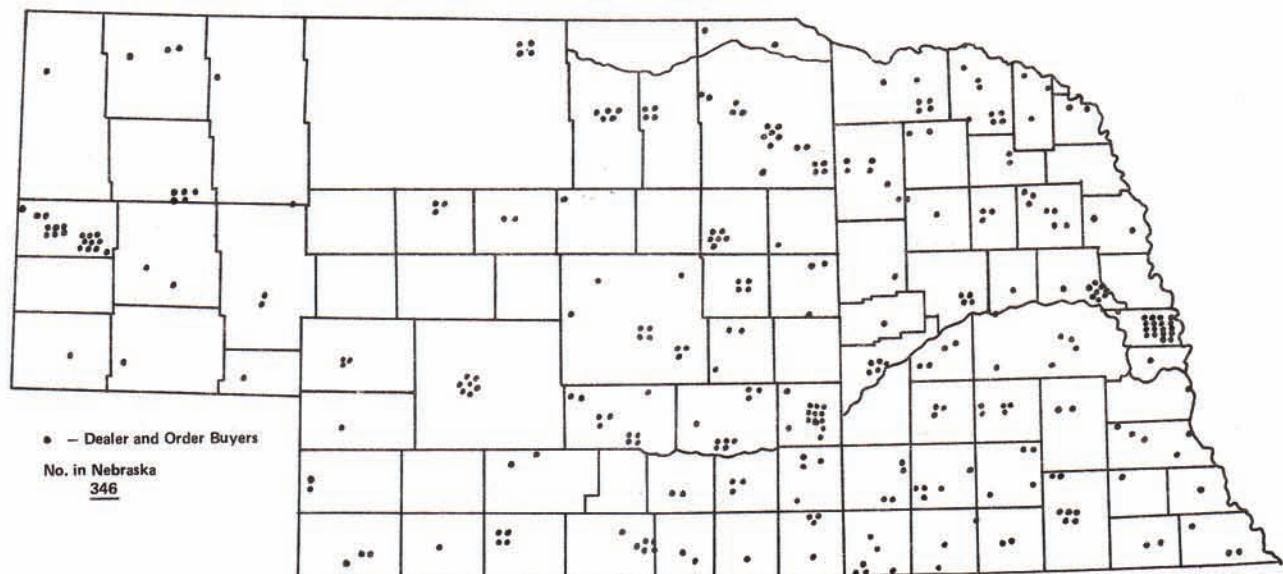


Figure 3. Dealers and Order Buyers. (Includes only those registered with Packers and Stockyards Administration, USDA 7-76).

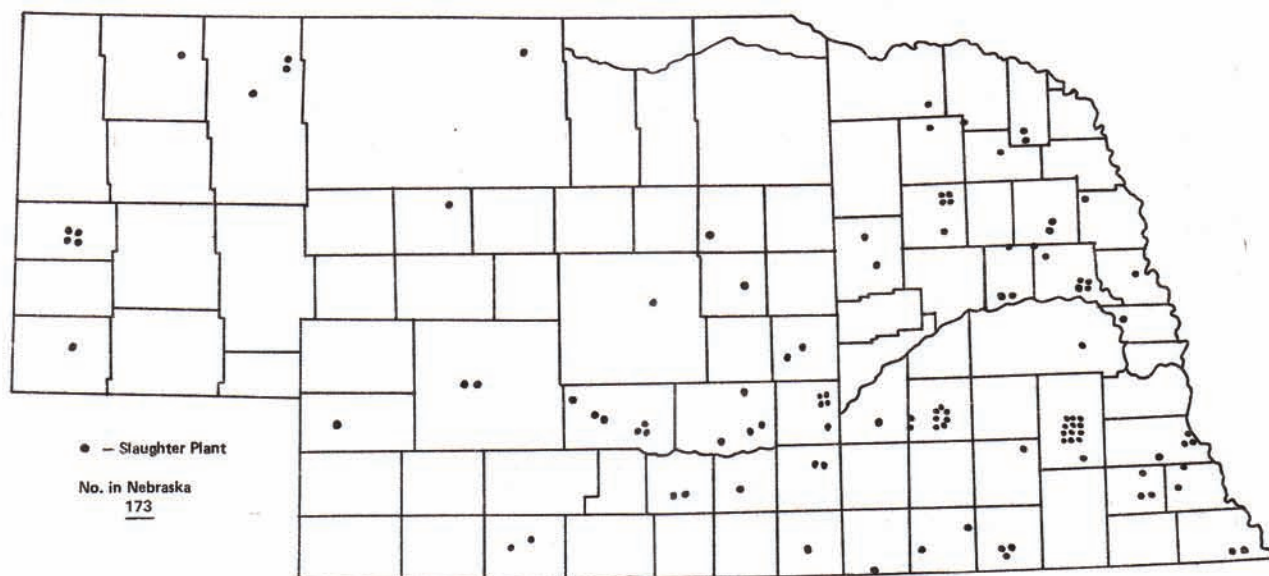


Figure 4. Slaughter Plants.

Slaughter Plants

There are 173 plants in Nebraska that slaughter one or more species of livestock. Some of these plants are quite large and the major proportion of their business is slaughtering livestock and selling the product at wholesale. A substantial number of these plants are combined with a locker plant and also sell direct to consumers. Only those plants which buy livestock, slaughter them and then resell the product either at wholesale or retail prices need to be federally inspected. Local plants or lockers that do custom slaughtering only are exempt from federal inspection. These custom exempt plants or lockers are not included in *Figure 4*.

Some Nebraska slaughter plants buy livestock at a terminal market, auction, or through an order buyer. They may also buy at the plant and/or at the farm. Many packers also operate local buying stations.

Packers Purchases by Market Outlet

Data are not available to determine how Nebraska producers market their livestock through the various market outlets. Information about total marketings by livestock species are contained in the Nebraska Agricultural Statistics Annual Reports issued by the Nebraska Crop and Livestock Reporting Services.

Information about how packers procure livestock is available from the USDA, Packers and

Table 1. Livestock Purchased by Packers Through Different Market Outlets, Slaughtered in Nebraska, 1975.

	Direct County Dealers etc.	Terminal Markets	Auction Markets
	Percent		
All Cattle	70	23	7
Steers & Heifers	75	23	2
Cows & Bulls	38	18	44
Calves	100	0	0
Hogs	77	11	12
Sheep & Lambs	92	1	7

Source: Packers & Stockyards Resume', PSA, USDA, Vol. XIV No. 7 December, 1976, pp. 12-23

Stockyards Administration (*see Table 1*). These data represent the procurement patterns of Nebraska packers from the various market outlets for the species of livestock listed. This information should not be considered as the market pattern of Nebraska livestock producers because the data are summarized by the state (in this case Nebraska) in which the slaughter plant is located. Livestock from states adjoining Nebraska are slaughtered in Nebraska slaughter plants. But the information contained in *Table 1* can give the Nebraska livestock producers and feeder some idea about the relative importance and volume of sales through the various kinds of market outlets found in Nebraska.

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