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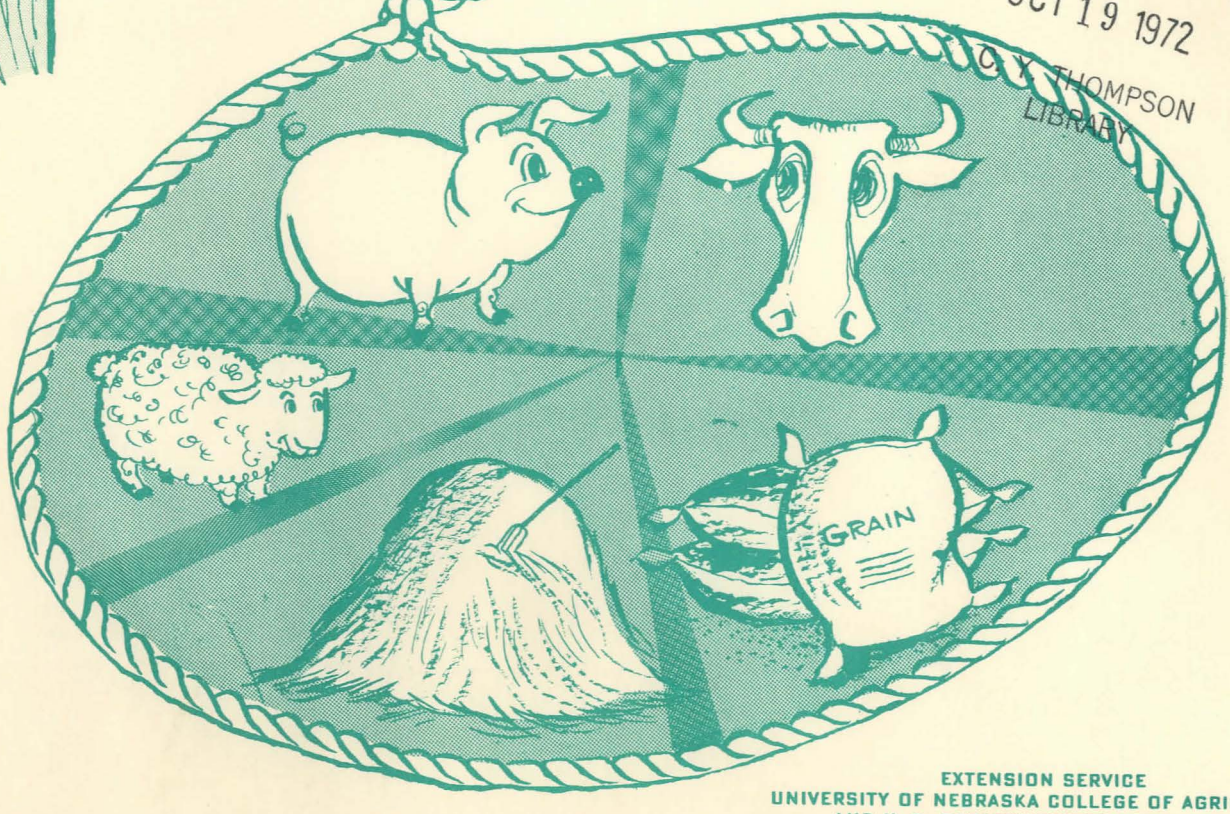

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NEBRASKA LIVESTOCK AND FEED ROUNDUP FOR 1959-60

by

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and
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Profit prospects from livestock production and feeding in Nebraska during the 1959-60 feeding season are both favorable and unfavorable. The outlook for cattle ranchers and feeders looks good through 1960. Lamb feeding should bring better returns than last year; feeder lambs will cost less and fat lambs will sell a little higher in the winter months. Hog prices will continue low for the next 16 months unless production is reduced in 1960. Feed supplies will again be abundant at reasonable prices. The demand for meat will be strong in 1959-60; business activity will improve rapidly after the end of the steel strike.

Profitable results from any livestock enterprise will require careful planning and management during 1959-60 and the years ahead. Livestock production is increasing faster than demand for meat. Hogs are already in trouble; beef cattle prices will be lower from 1961 on if the production expansion continues as now indicated. The important factors that should be considered in planning your livestock program are:

1. Trends in livestock numbers, production and prices;
2. Expected volume of marketings, demand conditions and livestock prices when your livestock will be ready for market;
3. Your skills and preferences in producing, buying, feeding and marketing livestock;
4. Your financial situation, including access to credit, and your willingness and ability to take risks;
5. The kinds, amounts and relative costs of feeds;
6. Whether livestock increases the net returns from your business by providing a better market for feed, improved use of buildings and equipment, and an outlet for labor and management.

This circular summarizes the livestock and feed outlook for 1959-60. The information presented is based upon conditions as we appraised them in August, 1959. Possible changes in weather or economic and political conditions make it necessary to keep up to date always and to be prepared to make adjustments in your operations.

I. BUSINESS OUTLOOK FOR 1959-60

Prosperity Certain in 1960

Our national economy has recovered all ground lost during the 1957-58 recession. New records will be set next year in gross national product, employment, consumers' income and spending. Gross national product will exceed $500 billion in 1960. Consumers' income will increase by $15-20 billion in the year ahead. Most of this increase will go for goods and

services rather than being dissipated in higher prices. In general, prices will be rather stable thanks to agriculture and to increased productivity in industry. The steel strike caused a slow-down but not a recession. Following settlement of this dispute, business will boom this fall and winter. A good year in 1960 is assured, which means a strong demand for food and especially for meat.

The expansion phase of a business cycle usually runs for about 36 months. The next recession is thus likely to hit in late 1961 or in 1962. If severe, it would mean a decline in demand for meat at about the same time that beef marketings will be increasing. The combined effects would result in a sharp drop in cattle prices in 1962. Ranchers and feeders should consider this possibility carefully in making future production plans.

Net farm income will decline about $1 billion annually in 1959 and 1960. Grain prices will be lower because of reduced price supports. Hog prices are much lower than a year ago, but beef cattle prices are expected to remain about the same. Farm costs are higher this year than last and will rise again in 1960 except for items farmers buy from other farmers, like feed and replacement livestock. Interest rates, farm machinery, motor vehicles, wage rates and taxes will go up in the year ahead.

Meat supplies per person in 1959 will be about 7 lbs. above 1958 but still below the high set in 1956. (See Table 1). The main increases are in pork and poultry; beef production per person will not change much until 1961 and later years. More fed beef is available in 1959 but less cows were marketed. We'll see more lower grade beef coming to market in 1960.

Retail beef and wholesale carcass prices are only slightly higher than a year ago and will not change much in 1959-60. Pork prices are much lower now than last year and further declines are expected this fall and winter. Larger pork supplies will prevent the strong demand conditions from pushing retail meat prices upward. Poultry supplies will also be large next year as integrated producers are more likely to find ways to cut unit costs and to expand production than to reduce output.

Table 1. U. S. Meat Consumption, Pounds Per Person, 1956-59

Meat	1956	1957	1958	1959
Beef	85.4	84.6	80.5	81.0
Pork	67.4	61.5	60.7	66.0
All Red Meat	166.7	159.0	152.1	157.5
Poultry	29.8	31.5	33.9	35.5
Total - All Meat	196.5	190.6	186.0	193.0

II. FEED SUPPLIES AND PRICES

Record Supplies and Lower Prices

The total supply of feed grains and other concentrates will set another new record in 1959-60. Production in 1959 will be only slightly less than the record high of last year. All-time high stocks of feed grains are carried over from 1958 and previous years. Growing conditions were favorable over most of the important grain producing areas this year. Serious drought occurred in the Southwest and in parts of the Northern Plains States.

The August 1, 1959 estimates of the acreage and production of important feed crops in Nebraska and the United States are given in Table 2. Note especially the increase in corn acreage and the declines in acreages of grain sorghum, oats and hay in 1959 as compared with 1958. This shift resulted from (1) the end of the acreage reserve program; (2) the change in the corn program; and (3) weather conditions.

The total, 1959 corn crop is expected to exceed 4 billion bushels for the first time in our history. This will be 200-400 million bushels above the previous record set just last year, and nearly one-third higher than the 1953-57 average. Acreage in the U.S. is 15 per cent above 1958; Nebraska's corn acreage is 28 percent over that of last year. Part of this increase came at the expense of other feed grains and the remainder from land in the 1958 acreage reserve and in tillable hay and pasture. Under the 1959 corn program, all corn produced anywhere is eligible for price support at a loan rate higher than that in effect on non-compliance corn from the 1958 crop. Yields in Nebraska and the U.S. will not be so high as last year. Cool, wet weather in the spring delayed planting; dry, hot weather in July and August caused some damage in Nebraska and other Western Corn Belt areas.

Grain sorghum acreage is down 9 percent in the U.S. and 20 percent in Nebraska, as farmers shifted to corn. Yields are also expected to be less than in 1958. The carryover is so large that total supply will equal or exceed last record of 924 million bushels. Most of the carryover of grain sorghum and other feed grains is under price support so is not available for feeding except at prices considerably above market prices.

The oats supply is 20 percent below that of last year and the smallest in 20 years. The 1959 acreage was reduced and yields were much lower than last year. Production this year was about 30 percent below the 1948-57 average, a reduction caused by fewer acres and drought in the Dakotas and Minnesota. The barley crop is about 70 million bushels below last year's record of 470 million, mainly due to lower yields.

Protein supplements will be available in about the same total quantity as in 1958-59 with more cottonseed meal, less linseed meal and about the same amount of soybean meal. The carryover of soybeans and the increase in cotton production will offset the reductions in soybean and flaxseed production this year.

Table 2

Feed Crop Acreage and Production, Nebraska and U.S.,

Estimated as of August 1, 1959, with Comparisons

Area & Crop	Acreage for harvest			Unit	Yield per acre			Production		
	Average 1948-57	1958	1959		Average 1948-57	1958	1959	Average 1948-57	1958	1959
Nebraska	(Thousand acres)							(Millions)		
Corn	6584	5434	6956	Bu.	31.2	51.5	43.0	204.9	279.8	299.1
Oats	2119	1374	1237	Bu.	23.6	35.0	24.0	50.5	48.1	29.7
Soybeans	101	206	132	Bu.	20.6	30.0	27.0	1.9	6.2	3.6
Grain Sorghum	761	1888	1510	Bu.				12.9	81.6	49.0
Alfalfa	1702	2167	1864	Tons	1.9	2.2	2.1	3.2	4.9	3.9
Wild Hay	3118	3257	3257	Tons	.7	.8	.6	2.2	2.6	2.1
United States	(Million acres)							(Millions)		
Corn	80.2	73.5	84.4	Bu.	40.6	51.7	49.5	3251.1	3799.8	4173.5
Oats	37.4	31.8	28.8	Bu.	34.9	44.7	36.4	1306.5	1422.2	1048.5
Flaxseed	4.7	3.8	3.4	Bu.	8.5	10.3	8.2	39.7	39.5	27.6
Barley	11.5	14.9	15.1	Bu.	27.5	31.6	27.0	318.3	470.4	406.8
Soybeans	15.5	23.8	22.0	Bu.	21.0	24.2	24.2	326.0	574.4	531.4
Grain sorghum	15.8	20.6	18.8	Bu.	13.5	29.8	27.0	213.1	614.8	508.4
All hay	76.5	71.7	72.9	Tons	1.4	1.7	1.5	107.1	121.9	109.3

The total feed concentrate supply for the 1959-60 season will be about 254 million tons, up 8 million over a year ago and 60 million tons above the 1953-57 average (See Table 3). The large carryovers of all feed grains and the record corn crop assure an ample supply of feed for the increasing numbers of livestock and poultry on our farms and ranches. The number of grain consuming animal units increased by 6 million to 178 million this year. The feed supply per animal unit is the same as last year but feeding rates may be down from the high levels of 1958-59.

Table 3. Estimated Feed Concentrate Supplies U. S., 1959, with Comparisons

Source	Average 1953-57	1958	1959
	(Mil. tons)	(Mil. tons)	(Mil. tons)
Carryover	38.0	59.1	68.0
Production			
Corn	91.7	106.4	118.3
Oats	20.9	22.8	16.2
Barley	8.8	11.3	9.9
Grain sorghum	7.6	17.2	12.0
Total	129.0	157.7	156.4
Imports	1.1	0.4	0.7
Wheat and rye	1.8	1.9	1.6
Byproducts	24.3	27.0	27.0
Total supply	194.2	246.1	253.7
Grain-consuming animal units (Mil.)	161.4	172.0	178.0
Supply per g.c. an. unit (Ton)	1.20	1.43	1.43
Concentrates fed per an. unit (Ton)	.81	.89	

Less acreage and lower yields have reduced the 1959 hay crop in Nebraska and the U.S. Carryovers and this year's production will provide enough hay for winter feeding in most areas. Southern Utah, Nevada and California have been very dry this year with hay scarce and high priced. Pasture conditions are poor in these areas and in most of South Dakota, and parts of North Dakota, Montana, and Nebraska. Stock water is also short in these dry areas. Range and pasture conditions on August 1 were considerably below the very favorable conditions of a year ago.

Feed Prices in 1959-60

Feed grain prices, except for corn, will be lower during the 1959-60 season than last year because of lower price supports and large supplies. The national average support prices compared with 1958 are: oats, 50 cents a bushel vs. 61 cents; barley, 77 cents vs. 93 cents; and grain sorghum, $1.52 a

cwt. vs. $1.83. Smaller crops of these grains, the "over-pricing" of corn and more livestock may prevent market prices from falling to support levels.

The market price of corn will be a little higher this year than in 1958-59 despite the record corn crop unless harvesting conditions are unfavorable this fall. The support price on 1959 corn is 6 cents a bushel higher than that on non-compliance corn in 1958 and will average about $1.07 in Nebraska. All corn grown anywhere is eligible this year provided that U.S.D.A. storage requirements are met. Since most corn growers did not comply with their allotments in previous years, this has the effect of raising the support price on corn this year. If the market prices of other feed grains, and especially grain sorghum are near their loan rates, it will pay to store corn under price support and buy other grains for feed.

Prices of most protein supplements declined this spring and summer, especially those of soybean meal, meat meal and tankage. In early August the wholesale soybean meal price was $25.00 a ton below a year earlier; meat meal was down $44 a ton. Alfalfa meal was $7.00 a ton higher than in August, 1958. Soybean meal was the "best buy" in terms of cost per pound of protein.

Livestock-feed price ratios became less favorable for hogs, poultry and eggs during the past year because prices of these products declined. The hog-corn ratio dropped from 18.2 in June, '58 to 12.9 this year. The beef-corn ratio at 21.8 is 5 points above the 1948-57 average of 16.8. Expansion of livestock production will continue through 1960.

III. CATTLE OUTLOOK

Stockers and Feeders Still Expensive

The prices of stocker and feeder cattle will average about the same this fall as a year ago. In each of the past two years the usual seasonal price decline in the fall months failed to develop. The reasons for this were herd expansion by ranchers, bumper feed crops in the feeding areas, and high prices for slaughter cattle. Prices of replacement cattle at the start of the 1959-60 season are higher than a year ago by about $5.00 a cwt. for calves and $2.00 for yearlings. These will be steady to slightly weaker this fall. We are still a year away from a substantial increase in marketings of stocker and feeder cattle.

The feed and financial situation of cattle ranchers is still generally good but range feed conditions are less favorable than a year ago. South Dakota has been hit hard by drought this year; this extends into parts of Montana, Nebraska, and North Dakota. Little distress selling is reported from these areas because ranchers have feed reserves from previous years. The Southwest (California, Nevada, Utah) are also very dry but cattle from these areas remain in the West for feeding and slaughter. In other areas the realization that 1958 and '59 are likely to be the years of highest prices for stockers and feeders will encourage some ranchers to sell this fall before prices break.

The cattle cycle is now in the second year of the expansion phase. On January 1, 1959, cattle numbers on U. S. farms and ranches totaled 96.8 million head, equal to the previous record high set just 3 years earlier. By January 1, 1960, cattle numbers are expected to exceed 100 million as shown in Table 4. This expansion has been entirely in beef cattle, which have gained rapidly both in numbers and productivity. The increases in numbers of beef cows, heifers and calves provide the foundation herds from which will come the greater marketings of feeder calves and yearlings beginning next year.

The 1959 calf crop of 41.3 million head is up 2 per cent over '58 but still less than the record 42.6 million born in 1954. These figures include both dairy and beef calves. The calf crop is down in dairy states but up in the beef areas by 3 per cent in the eleven Western States and 4 per cent in Nebraska.

Imports of feeder cattle from Canada and Mexico were quite high in 1957 and '58 but are down this year. These imports have provided some stability to our cattle industry by reducing the variation in beef production. Further reductions in cattle imports can be expected as more domestic cattle become available and prices decline in this country.

The demand for replacement cattle from the feeding areas will continue strong during 1959-60. Abundant feed supplies this fall, good profits during the 1958-59 season, and favorable prospects for beef prices through 1960 will maintain the willingness to buy cattle. More buyer resistance is apparent than a year ago; contracting was slow during the summer. Potential buyers are

aware of the build-up in beef herds and of its eventual effect upon cattle prices.

Table 4. Cattle and Calves on U. S. Farms and Ranches, January 1, 1959 with Comparisons

Class	Average 1948-57	1956	1958	1959
		(Million head)		
All Cattle and Calves	88.0	96.8	93.4	96.8
Kept for milk	35.4	34.7	33.4	32.8
Other Cattle	52.6	62.1	60.0	64.0
Cows, 2+ years	21.2	25.5	24.3	25.6
Heifers, 1-2 years	5.7	6.2	6.1	6.8
Calves	15.8	19.0	18.5	19.8
Steers, 1+ years	8.1	9.6	9.5	10.2
Bulls, 1+ years	1.8	1.8	1.6	1.6

Bargains in buying feeder cattle will be hard to find this fall despite increasing cattle numbers and the occurence of drought in some areas. Some cattle will come to market early this year because of range feed and water shortages but not in sufficient volume to break prices. Stocker and feeder cattle prices are more likely to weaken than to hold steady or rise this fall.

Fat Cattle Prices To Hold Through 1960

Prices of fed cattle are expected to hold up well during the 1959-60 season. More pork and gradually increasing supplies of cow beef will keep better-grade cattle prices at about 1958 and '59 levels. The amount of beef per person will not increase substantially until 1961 unless the course of the present cattle cycle is reversed by widespread drought next year. The 1959-60 feeding season will be characterized by very narrow and, in many cases, negative price margins between feeder and finished cattle. If feeder cattle prices decline by $1-2 a cwt. this fall, profits per head should average about the same as in 1958-59.

Beef production in the first 6 months of 1959 was only one per cent above January-June, 1958, when cattle slaughter was at a rather low level. During 1959, record numbers of cattle have been on feed and fat cattle are being marketed at heavier weights. Beef prices have so far been equal to or slightly above 1958. The increase in the marketings of fed beef has been offset by reduced slaughter of cows and calves, down about 20 per cent from a year ago. Cow slaughter increased in the late summer because of drought, concern over future price prospects and closer cutting of dairy and beef herds. The spread between prices of better and lower grades of slaughter cattle have been narrow in 1958

and '59 but will widen in the year ahead.

The current expansion in cattle numbers includes a more rapid increase in beef steer and heifer numbers than in previous cycles. The expansion phase usually involves low rates of slaughter relative to inventories of all classes of cattle. Steer and heifer inventories are now large enough so that marketings will increase in 1960. Beef production per person at about 83 pounds next year will still be 3 pounds below that of 1956.

Table 5 Cattle on Feed and Marketings, 13 States by Quarters, 1956-59

Year	January-March	April-June	July-September	October-December
Number on Feed a/		(Thousand head)		
1956	4,958	4,222	3,397	3,618
1957	5,161	4,375	3,678	3,211
1958	5,005	4,863	4,281	3,611
1959	5,474	5,281	4,704	
Marketings				
1956	2,355	2,232	1,984	2,162
1957	2,400	2,153	2,254	2,108
1958	2,178	2,205	2,533	2,369
1959	2,398	2,485		

a/ Number on feed at the beginning of the quarter as estimated by the Agricultural Marketing Service, U.S.D.A.

The number of cattle and calves on feed and marketings in recent years are shown in Table 5. Note that in the second and third quarters of 1959, there were about a million more cattle on feed than in comparable periods in 1956 and '57. The movement of these cattle to market this summer and fall explains the price decline in fed cattle since early May. Supplies of fed beef will continue large this fall and prevent price recovery until late winter. The record level of cattle feeding was made possible by diverting "two way" cattle to feed lots and by imports from Canada and Mexico.

The seasonal pattern in fed cattle prices this year has been very similar to that of 1958. With more cattle on feed April 1 and July 1 this year we can look for prices to remain steady to slightly weaker this fall at about the same level as in 1959. No major price breaks are expected before 1961 unless severe drought in the Plains and Mountain States next year should occur and cause a sharp increase in the marketings of cows and other lower grade beef. The seasonal price rise next spring will be less than in 1958 and '59. More cow beef will be available and pork production high to compete with fed beef for the

consumer's dollar. Demand for beef will be high as the nation enjoys generally prosperous conditions.

Profits on cattle marketed during 1959 and '60 will again come mostly from weight gain and low-cost feed rather than from price margin. Cattle slaughter will increase by 5-6 per cent in 1960 although beef production may not go up so much if fed cattle are marketed lighter. The slaughter cattle market outlook remains fairly optimistic through 1960 but the period ahead is one that calls for caution and careful study of developments in cattle numbers, weather and feed conditions in range areas, and marketing intentions in the feeding areas. Heavy marketing of fed steers and heifers in 1960 coinciding with high pork production could depress beef prices next year. The main price break in this cattle cycle is not expected until 1962.

Planning Your Cattle Feeding Program

Sources of Profit

Under any set of conditions, profits from the livestock feeding business result from (1) price margins (2) economical feeding and (3) increased productivity of the farm.

Price margin is the spread between the selling price per hundred weight of the slaughter animal and the purchase price per hundred weight as a feeder. Ordinarily, the cattle feeder must depend for some of his profit upon selling the weight purchased in the feeder steer for more than it cost. The amount of margin needed varies with age, sex, weight and kind of livestock fed, and the cost of gain in the feedlot.

Heavier cattle require more margin than similar animals of lighter weight because (1) the weight purchased makes up a greater percentage of weight sold, and (2) feed required per pound of gain increases as cattle become heavier. This is particularly true when the cost of feed is high.

A price margin is especially important when feed costs are high in relation to the selling price of cattle. When the cost of feed is low in relation to the feeder prices, margins may not be needed for profitable cattle feeding especially on young cattle.

Most economical gains result from the utilization of low-cost feeds properly balanced with a minimum of more expensive feeds or feed additives. Economical gains are most important when calves are being fed or when the feedlot gain makes up a large part of the total weight marketed. Though calves usually gain more efficiently than yearlings and two-year-olds, calf feeders should give more attention to feeding an economically balanced ration than feeders of older cattle because they must depend upon obtaining a larger part of their total profit as the result of economical feeding.

Increased productivity of the farm is an indirect source of profit that

occurs when livestock are properly managed. Manure properly handled and crop rotations designed to give a balance of feed for livestock both contribute to greater farm productivity. Though not great in any one year, increased productivity can become a rather important source of profit over a period of years.

Fit the Livestock Program to Your Feed Supply

The first and most important factor in planning a livestock program is to market your available feed to the best advantage. The feeds produced and available locally should largely determine the type of management that you will follow. In the case of cattle, the feeds available should receive major consideration in determining the length of feeding period, the grade, age and weight of cattle fed. Most successful cattle feeders build their feeding programs around pasture and roughage supplies. Grain is an important but secondary consideration because it is usually available and easily transported.

Feed expenses constitute the greatest single cost in livestock programs. As a result, if gains are to be made cheaply and efficiently, an economical ration must be fed. For instance, grain sorghum might be substituted for corn when corn is relatively expensive; silage can replace hay in the ration when hay is scarce and high-priced; and soybean meal can be substituted for linseed or some other protein. When protein supplements are cheap relative to grain, it may pay to increase supplement in the ration to replace part of the corn. By the same token, when good alfalfa hay is plentiful and cheap, it can be economically substituted for "higher-priced" protein supplements. The more successful feeders will study the relative prices of different kinds of feed and plan their feeding rations accordingly.

Yearling and two-year-old steers are better than calves for utilizing large amounts of coarse roughages, such as low quality hay, stalk fields, corn cobs and straw. They also utilize fall pasture to better advantage than calves. Because calves must grow as well as fatten, they must be fed a higher percentage of protein supplement and grain for longer periods than yearlings. Calves make more economical gains than older cattle because they chew their feed more thoroughly, consume more feed in relation to body weight, and grow as well as fatten.

The grade of cattle purchased should be influenced by season of marketing. Head choice long feds for the summer and fall market, and/or short feds for the late fall and early winter market in order to hit the best average seasonal market for each kind.

Lower grade feeders, "common" and "medium", can utilize liberal amounts of roughage in their fattening ration. Grain feeding may be necessary for only a short time just before marketing. They should be fed for a comparatively short period and sold when they reach "commercial" or "low good" slaughter grade. Purchase of this grade of feeders should be limited largely to older cattle and should usually be so timed that they are sold in the spring months. Calves of low feeder grade may not be ready for market before late summer or early fall at which time they must compete with older grass-fat cattle that are coming to market at comparable slaughter grade.

The higher grade feeders, "good" and "choice", normally require more grain in their fattening ration or a longer feeding period than low grade feeders.

The sex of cattle fed will not be influenced appreciably by the type of feeds available. The sex purchased should depend primarily on the relationship between purchase and sale price of steers and heifers. Because heifers make slower and more costly gains than steers and some may be bred, more price margin is required in a heifer feeding operation than when comparable steers are fed. Even though this is true, heifers generally fatten more quickly than steers and so are adapted to shorter feeding periods. Since some yearling feeder heifers are bred and others may soon begin to become "cowy" in appearance, their use should be limited to a short feed on rather liberal amounts of grain. Spayed heifers are a questionable investment. Their gains are slower and more costly than open heifers.

Feeders Bought Right are Half Sold

Shrewd buyers make money the day cattle are bought. They not only buy the cattle worth the money they cost, but cattle of the grade and weight that fits their operation best. The smooth buyer may do better with quick-turn cattle if he can afford the risk. The good feeder who mistrusts his buying does best with better grade calves or light yearlings where good feeding and management really count. The feeder who is skeptical of his buying ability and feeding skill may do best with medium cattle headed for the spring market if they fit his feed supply.

Financial Situation and Risk

Many feeders use borrowed funds to finance their livestock operations. Their ability to obtain and use credit will affect the livestock operation followed.

Cattle feeding risks vary with weight and grade of cattle. Usually, there is less risk with lower grade or lighter weight cattle. The note at the bank is smaller. There are more ways to handle calves and the cost of gains are usually lower. Only the man who can afford an occasional loss has any business feeding heavy cattle.

Competition for Labor

Returns to labor from livestock feeding should be compared with labor returns from other farm enterprises. Since labor returns from crops usually exceed those from livestock, livestock programs should be planned so as not to compete too heavily for labor during the cropping season. The supply of available labor should always be considered in choosing livestock enterprises. If labor is scarce (shortage of labor) in relation to the capital available, livestock enterprises should be chosen which require relatively little labor. In addition, it may pay real dividends to substitute machinery and equipment (capital) for labor, to organize and mechanize the handling and feeding of livestock to reduce the labor required.

How to Check Prospects for Profits in 1959-60

Following are examples of some possibilities in livestock feeding enterprises in the year ahead. They are offered as an aid in estimating the profitability of different feeding systems. Our estimates are only approximations. The cost of feeders and feed and the amounts and kinds of feeds may vary considerably in your operation. Allowance has been made for use of stilbestrol in steer fattening rations.

Costs have been estimated as follows:

1. Marketing Costs	$ .60 per cwt.
2. Miscellaneous Costs (Death loss, taxes, veterinary expenses, equipment, salt and mineral.)	1.00 per cwt.
3. Interest on livestock	0.65% per month

The following prices of feed have been used to estimate costs:

Corn, per bushel	$ 1.05
Corn Silage, per ton	8.50
Alfalfa Hay, per ton	13.00
Pasture (Corn stalks, pasture aftermath, etc., included), per day	.10
Protein Supplement (40% protein), per ton	70.00
Protein Supplement (40% antibiotic for lambs), per ton	80.00
Protein-Mineral-Vitamin Supplement (40% for swine), per ton	100.00

Example of How Estimates of Profit Prospects Were Made

Let's take the first system for an example of the method used, steer calves fed to 1020 pounds, on liberal grain ration full-fed to choice grade, about 9 months, 600 poumds gain:

		Example:
1. Purchase price of feeder, 420 lbs. @ $36		$151.20
2. Feed cost (price laid in feedlot)		
Corn 63 bu. @ $1.05	66.15	
Protein Supplement 150 lbs. @ 3.5¢	5.25	
Alfalfa Hay .5 ton @ $13.00	6.50	
Pasture 40 days @ 10¢	4.00	
3. Total feed costs		81.90
4. Feed cost per cwt. gain (81.90 ÷ 600/100)		13.65

5. Price necessary to cover

a) Cost of steer, feed and marketing

$$\frac{81.90 \text{ (feed cost)} + 151.20 \text{ (cost of steer)}}{1020 \text{ lbs. selling weight of steer}} = 22.85$$

22.85 + .60/cwt. for marketing = $23.45 rounded off to 23.50

b) Items in 5a plus miscellaneous costs (add $1 per cwt.) 24.50

c) Items in 5b plus interest

$$\frac{\$151.20 \times .0065 \times 9}{1020} = 87¢ \text{ per cwt.}$$ 25.35

d) Items in 5c plus average profits of $27 per head on this feeding system (return for management and labor) 28.00

ESTIMATED COST OF FEEDING CALVES FOR SLAUGHTER UNDER VARIOUS SYSTEMS

Item	Liberal Grain		Liberal Roughage Plus Pasture		Liberal Roughage	
Feeder Grade	Good to Choice		Good to Choice		Good to Choice	
Slaughter Grade	Choice		Choice		Choice	
Feeding Period (months)	9		12		10.5	
	Estimated	Your Figures	Estimated	Your Figures	Estimated	Your Figures
Purchase Weight (lbs.)	420	_____	420	_____	420	_____
Final Weight (lbs.)	1020	_____	1050	_____	1020	_____
Total Gain (lbs.)	600	_____	630	_____	600	_____
Average Daily Gain (lbs.)	2.2	_____	1.6	_____	1.9	_____
Feed Required						
Corn (bu.)	63	_____	40	_____	40	_____
Protein (lbs.)	150	_____	150	_____	285	_____
Alfalfa Hay (ton)	.5	_____	.5	_____	.5	_____
Corn Silage Equiv. (ton)			2.2	_____	2.5	_____
Pasture (days)	40	_____	120	_____	40	_____
Purchase Price ($/cwt.)	$36.00	_____	$36.00	_____	$36.00	_____
Feed Cost/cwt. Gain	13.65	_____	13.40	_____	14.00	_____
Selling Price/cwt. necessary to cover:						
1. Cost of steer, feed and marketing	23.50	_____	23.00	_____	23.60	_____
2. Costs in item 1 plus miscellaneous	24.50	_____	24.00	_____	24.60	_____
3. Costs in item 2 plus interest on steer	25.35	_____	25.10	_____	25.60	_____
4. Costs in item 3 plus average profits ($27.00/head)	28.00	_____	27.75	_____	28.25	_____

ESTIMATED COST OF FEEDING YEARLING STEERS FOR SLAUGHTER UNDER VARIOUS SYSTEMS

Item	Liberal Grain		Liberal Roughage		Maximum Roughage	
Feeder Grade	Good to Choice		Good to Choice		Medium and Common	
Slaughter Grade	Choice		Choice		Commercial or Good	
Feeding Period (months)	6-7		8-9		6	
	Estimated	Your Figures	Estimated	Your Figures	Estimated	Your Figures
Purchase Weight (lbs.)	700		700		650	
Final Weight (lbs.)	1200		1250		1050	
Total Gain (lbs.)	500		550		400	
Average Daily Gain (lbs.)	2.4		2.1		2.2	
Feed Required						
Corn (bu.)	58		35		11	
Protein (lbs.)	105		100		300	
Alfalfa Hay (ton)	1.1		.8			
Corn Silage Equiv. (ton)			3.5		4.0	
Pasture (days)			30			
Purchase Price ($/cwt.)	$29.00		$29.00		$22.00	
Feed Cost/cwt. of Gain	15.75		15.20		14.00	
Selling Price/cwt. necessary to cover:						
1. Cost of steer, feed and marketing	24.10		23.50		19.00	
2. Costs in item 1 plus miscellaneous	25.10		24.50		20.00	
3. Costs in item 2 plus interest on steer	25.90		25.40		20.50	
4. Costs in item 3 plus average profits ($24 per head)	27.90		27.30		22.75	

ESTIMATED COST OF FEEDING FOR SLAUGHTER

Item	1. Two year old steers		2. Yearling heifers		3. Heifer calves	
	Liberal grain - Sold in winter or spring		Liberal grain - Sold in late winter		Liberal grain - Sold in late spring	
Feeder Grade	Good to Choice		Good to Choice		Good to Choice	
Slaughter Grade	Choice		Choice		Choice	
Feeding Period (months)	6		4		8	
	Estimated	Your Figures	Estimated	Your Figures	Estimated	Your Figures
Purchase Weight (lbs.)	900		650		400	
Final Weight (lbs.)	1300		890		850	
Total Gain (lbs.)	400		240		450	
Average Daily Gain (lbs.)	2.2		2.0		1.8	
Feed Required						
Corn (bu.)	57		31		45	
Protein (lbs.)	30				150	
Alfalfa Hay (ton)	.6		.4		.6	
Corn Silage Equiv. (ton)						
Pasture (days)	30				30	
Purchase Price/cwt.	$26.00		$27.00		$34.00	
Feed Cost/cwt. Gain	17.90		15.75		14.10	
Selling Price/cwt. necessary to cover:						
1. Cost of steer, feed and marketing	23.50		24.00		23.50	
2. Costs in item 1 plus miscellaneous	24.50		25.00		24.50	
3. Costs in item 2 plus interest on steer	25.20		25.50		25.30	
4. Costs in item 3 plus average profits ($15 per hd.)	26.30		27.20		27.00	

ESTIMATED COST OF FEEDING CALVES TO SELL AS FEEDERS UNDER VARIOUS SYSTEMS

Item	Wintered and Pastured (no grain) Sold in fall		Wintered only - grain Sold in spring		Wintered only - No grain Sold in spring	
Feeder Grade	Good to Choice		Good to Choice		Good to Choice	
Feeding Period (months)	11		6		6	
	Estimated	Your Figures	Estimated	Your Figures	Estimated	Your Figures
Purchase Weight (lbs.)	400		400		400	
Final Weight (lbs.)	760		670		670	
Total Gain (lbs.)	360		270		270	
Average Daily Gain (lbs.)	1.1		1.5		1.5	
Feed Required						
Corn (bu.)			10			
Protein (lbs.)					130	
Alfalfa Hay (ton)	.4		.4		.4	
Corn Silage Equiv. (ton)	2.20		2.20		3.10	
Pasture (months)	150					
Purchase Price/cwt.	$36.00		$36.00		$36.00	
Feed Cost/cwt. Gain	10.80		12.75		13.40	
Selling Price/cwt. necessary to cover:						
1. Cost of steer, feed and marketing	24.10		27.20		27.50	
2. Costs in item 1 plus miscellaneous	25.10		28.20		28.50	
3. Costs in item 2 plus interest on steer	26.50		29.00		29.30	
4. Costs in item 3 plus average profits ($15 per head)	28.50		31.40		31.70	

ESTIMATED COST OF FEEDING YEARLING STEERS TO BE SOLD AS FEEDERS
AND OF FEEDING LAMBS AND SOW AND 2 LITTERS FOR SLAUGHTER

Item	Yearling Steers Wintered and Sold as Feeders		Lambs full-fed for Slaughter		Swine full-fed for Slaughter	
Feeder Grade	Good to Choice		Good to Choice		Sow and 2 litters per year (14 pigs)	
Feeding Period	6 months		90 days			
	Estimated	Your Figures	Estimated	Your Figures	Estimated	Your Figures
Purchase Weight (lbs.)	650		70			
Final Weight (lbs.)	950		100		3150	
Total Gain (lbs.)	300		30			
Average Daily Gain (lbs.)	1.6		1/3			
Feed Required						
Corn (bu.)			2.25		210	
Protein (lbs.)			9		1300	
Alfalfa Hay (ton)	.6		.07			
Corn silage equiv. (ton)	3.5					
Purchase Price ($/cwt.)	$29.00		$19.00		$80.00	
Feed Cost/cwt. of gain	12.50		12.10		9.00	
Selling price/cwt. necessary to cover:						
1. Cost of animal, feed and marketing	24.40		16.90		9.60	
2. Costs in item 1 plus miscellaneous	25.40		17.90		10.60	
3. Costs in item 2 plus interest	26.20		18.20		10.80	
4. Costs in item 3 plus average profits ($15 on steers; $2.50 on lambs; $4 per pig)	27.80		20.70		12.60	

IV. HOG OUTLOOK

High Production; Low Prices

The increase in hog production which began in 1958 is expected to continue through 1960. Low prices will accompany this high level of production unless hog producers cut back next year's pig crop. If the expansion continues, the low price point in the present hog cycle will come in the fall of 1960. Cyclical changes in hog production tend to lag behind current price levels and ratios. The critical factor in future hog prices will be the size of the pig crop next spring.

The 1959 pig crop will exceed 104 million (See Table 6). This is 10 percent above 1958 and largest since the end of World War II. Since 1940, only the pig crops of 1942 (104.5 million) and 1943 (121.8 million) were larger. The spring pig crop was 12 percent above that of 1958 and fall crop is expected to be up by 9 percent over last year. Most of the expansion since 1957 has come in the West North Central States following the 1955-56 drought and in the South where hog production is increasing permanently. Nebraska's 1959 pig crop of 4.5 million is 31 percent above the 1957 crop; nationally the two-year increase is about 18 percent.

Table 6. Pig Crops: Nebraska and U. S., 1959 with Comparisons

Year	Pigs Saved		
	Spring	Fall	Year
		(Million head)	
Nebraska			
Ave. 1948-57	2.9	1.1	4.0
1957	2.3	1.2	3.5
1958	2.5	1.5	4.0
1959	2.8	1.7	4.5
Corn Belt			
Ave. 1948-57	42.7	25.5	68.2
1957	40.2	26.8	67.0
1958	40.9	31.9	72.8
1959	44.7	34.0	78.7
United States			
Ave. 1948-57	54.5	35.7	90.2
1957	51.8	36.2	88.0
1958	52.3	42.4	94.7
1959	58.5	46.0	104.5

Hog producers are shifting toward earlier farrowings and more even distribution over the year. December-February farrowings this year accounted for 38.5 percent of spring farrowings compared to the 1948-57 average of 24.3 percent. Note also that fall farrowings increased more from '57 to '58 than did spring farrowings. This trend toward more even farrowings and less seasonality in marketings is expected to continue, making it necessary to revise our ideas about seasonal movements in hog prices. In a few years, there will be no more seasonal variation in hog production and prices than now exists in broilers.

The increase in production has resulted in declining hog prices since July, 1958. Pork production in the first 6 months of 1959 was 16 percent above the same period of 1958. During the first week in August, it was 18 percent above a year earlier. Average prices of 200-220# barrows and gilts at 8 markets in early August were $8.50 a cwt. below the same period last year; sow prices were over $9.00 lower. The usual summer price rise failed to materialize because of earlier marketings, hot weather in June, and storage stocks.

For the rest of 1959, hog prices are expected to decline still further but not so low as in 1955 unless marketings are bunched. Heavier shipments this spring and summer should prevent a severe decline this fall. Lows of around $12 are now expected if even marketing continues through the fall months. This plus high beef prices, and more people with good incomes will permit handling the prospective pork supplies without prices quite so low as four years ago.

The 9 percent larger '59 fall pig crop and increasing beef supplies in 1960 will keep hog prices low most of next year. The hog-corn ratio is now about 11.5 as compared with 17.0 a year ago; it will become more unfavorable as hog prices go down this fall. Some producers will become discouraged over low hog profits this year and next and cut back on breeding stock. This liquidation process will add to pork supplies and keep prices low, probably $12-13 for 200-220 lb. barrows and gilts at Omaha during the first half of 1960. Abundant feed supplies and new hog production methods will encourage a continued high pork output.

A pork buying program by U.S.D.A. similar to that of 1955 and '56 will get under way this fall. The processed pork so purchased will be distributed through school lunch and relief programs. Marketings at lighter weights are also being recommended by the Secretary of Agriculture.

In view of the present outlook, what you should do with regard to adjusting hog numbers will depend on:

1. Your skill in feeding, sanitation and management of hogs

2. Available hog buildings and equipment

3. Other uses for feed, labor, operating capital and management skills during the next year or year and 6 months.

In addition to adjusting the number of hogs you produce, two other points that should receive major emphasis are: (1) sale of market hogs at 200 to 225 pounds, and (2) use of only meaty, fast-growing breeding stock.

V. LAMB FEEDING AND WOOL OUTLOOK

Lamb Crop Up Again; Prices Lower

The 1959 lamb crop of 21.1 million head is 2 percent above last year and 10 percent above the 1948-57 average. The main increase was in the 13 western sheep states where breeding flocks are being expanded and weather was favorable for lambing last spring. The states from which feeders obtain most of the lambs fed in Nebraska show an increase of 5 percent.

The larger western lamb crop and the shortage of feed and water in some western states will mean earlier marketing of feeder lambs at lighter weights than in the fall of 1958. Choice feeder lamb prices at Omaha in August were about $4.00 a cwt. less than a year ago.

Profits from lamb feeding have been below average for the past two years. Lower feeder lamb prices may cause over-optimism this fall regarding profit prospects for 1959-60. Fat lamb prices are not expected to be much higher this coming winter than a year ago. Increasing beef and pork supplies and lower retail prices for these meats will create downward pressure on lamb prices. Feeder lambs bought at 60-70 pounds for about $18 and sold next spring should make some money for the feeder.

Wool: Demand Up; Prices Rise

The domestic and world demands for wool have continued to improve in 1959. Prices received by U. S. wool growers in July this year averaged 16 percent above a year ago. Wool production is increasing both in the U. S. and world-wide. The increase in consumption following the textile recession of 1956-58 will provide a good market for the expanding output of wool at home and abroad.

Shorn wool incentive payments for the 1958 marketing year amount to 70.3 percent of the individual wool grower's net receipts from the sale of his wool. This payment is made to bring the average return per pound up to the incentive price of 62 cents. The payment rate for unshorn lambs is $1.02 a cwt. for 1958. These rates will be lower for 1959, reflecting higher market prices for wool. The incentive program continues to March 31, 1962.

Wool and lamb producers will vote during September on whether to extend the lamb and wool promotion program through deductions from wool payments for 3 more years. The deductions would not exceed one cent per pound of shorn wool or 5 cents per cwt. on lambs. Two-thirds of those voting must approve the extension. Ballots will be received and returned by mail. The referendum is being handled by ASC offices.