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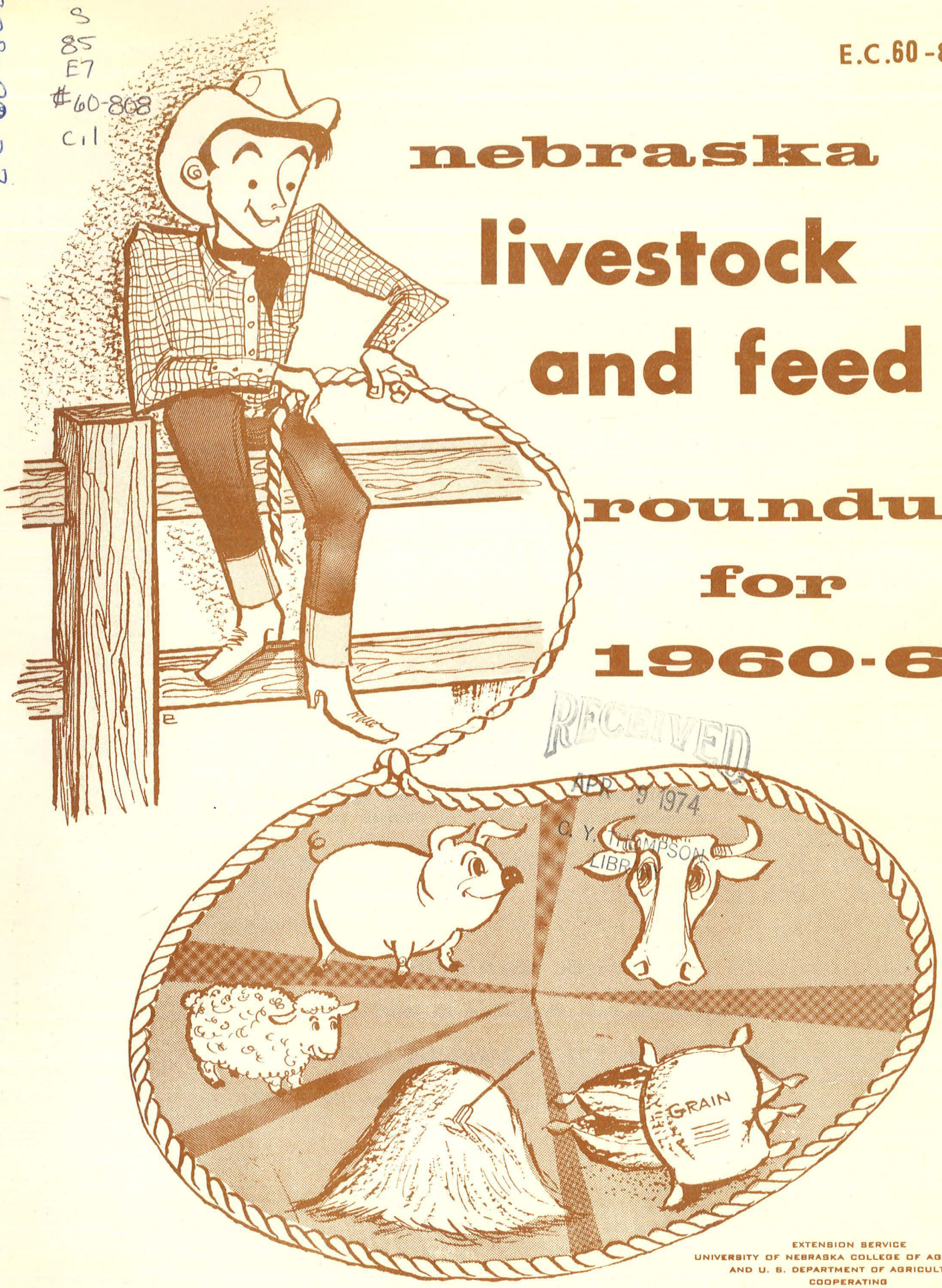
nebraska livestock and feed roundup for 1960-61



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NEBRASKA LIVESTOCK AND FEED ROUNDUP FOR 1960-61[1/]

Lower prices for feeder cattle constitute the dominating factor in the livestock feeding outlook for the 1960-61 season. With feed costs remaining at or below 1959-60 levels and slaughter cattle prices showing limited weakness, feeders in general should do as well or better than in the year just past. Near-record supplies of beef will be met at the meat counter by consumers with a steady demand and sufficient income to buy. Smaller pig crops from both spring and fall litters should result in comparably stable slaughter prices for all meat animals in the following months.

Possible threats to stability in slaughter prices are (1) overexpanded farrowings in 1961 and (2) drouth in the range states next spring and summer. Neither can be accurately forecast. To a lesser extent, early frost in the corn and sorghum producing areas might also generate temporary shifts in feeder prices this fall and prices for slaughter stock in the spring months.

The sheep and lamb situation parallels that for cattle from the aspect of larger numbers available and somewhat lower prices expected during the winter. With smaller margins between feed cost per pound of gain and expected slaughter prices, feeders will need to close part of the gap between the cost of feeder lambs and selling price to maintain feeding profits.

Feed supplies of all types will be in ample supply, both nationally and over the state. Feeders who have the appropriate resources (grain, roughage, labor, equipment, and management skill), should be able to market them advantageously through a carefully chosen feeding program this year. Factors to watch when designing a feeding program include:

1. Trends in livestock numbers, production and prices.

2. Probability of increasing farm income through feeding, considering use of buildings and equipment, labor and management, and unharvested forage and grain.

3. Relative costs of feeds, and feeding efficiencies of various combinations thereof.

4. Alternative uses for capital, and ability to assume risk. (Some feeding programs involve more risk than others.)

5. Your skills and preferences in buying, producing and marketing livestock.

6. Demand conditions expected when your livestock will be ready for market.

This circular summarizes the livestock and feed outlook for 1960-61, based on conditions in August, 1960. The dynamic nature of economic, political and weather conditions requires constant attention and adjustments which fit the situation as it develops from week to week.

1/ Prepared by Everett Peterson, Fred Olson, Ted Nelson, and Dean Brown, Extension Economists, and Paul Guyer, Extension Animal Husbandman.

I. THE BUSINESS OUTLOOK FOR 1960-'61

Our national economy has been quite stable so far in 1960 with no major pressures at work to cause a substantial movement either up or down. Political developments will be quite important during the next 18 months, expecially as they affect the level of government spending. International crises, unless more serious than those of recent years, are largely accepted as a permanent part of our environment and so do not result in important changes in business activity. Gross national product will exceed $500 billion in 1960 and is expected to rise by another ten or fifteen billion dollars in 1961. Most of the increase next year is expected to come in the second half as the economy recovers from a slight recession during the next 12-month period. Consumer income this year will exceed $400 billion and will rise in 1961 along with gross national product. Part of this increase will go for more food for more people and better food for those with rising incomes. Prices will be rather stable in the year ahead with continued agricultural abundance and industrial capacity which exceeds current output. The next 18 months will be a period of considerable stability unless the international situation should worsen appreciably. Any recession in late 1960 and early '61 will be slight and may go unnoticed by many people.

The main weak factors affecting business activity during late 1960 and early '61 are that business investment, industrial production and residential construction have been lower than expected. Automobile sales have been below predictions. Steel production is currently at less than half of plant capacity. Inventories have been rising because present production rates are not fully supported by new orders. Unemployment this year amounts to about five percent of the labor force. The rate of family formation and the birth rate are declining because of the impact of the depression years on the number of people reaching marriageable age during the early 1960's.

These weaknesses in the business picture are offset by several important elements of strength. Private investment for plant modernization and expansion will continue in many lines. Public and private investment in foreign countries is increasing. Consumer demand will continue strong as incomes remain high and consumers continue willing to spend a large share of their disposable income. The easing of the money market will encourage installment buying and home construction. Government spending at all levels will remain high during the next 18 months and is more likely to rise than to decline in response to higher costs and increasing demands for more public services on the part of our growing population. Total agricultural production will set new records in 1960 and '61 providing an abundant supply of reasonably priced farm products.

Net farm income will be lower in 1961 than in 1959 and 1960. The extent of the decline will be determined in part by changes in Federal farm programs which may take effect on 1961 crops. Cattle prices will average lower in 1961 than during the present year. Hog prices will hold up well for the next twelve months but are likely to decline in response to increased production by the second half of next year. Grain prices during the 1960-'61 feeding season will be slightly lower than last year because of the reduced price support on corn. Protein supplements are also generally lower than a year ago. Farm costs continue to rise with no relief in sight except for items farmers buy from other farmers such as feed and replacement livestock.

The demand for meat will continue strong in the year ahead since business activity is expected to be stable or slightly lower and then to recover by mid-1961. Consumer preference for beef and reduced pork supplies will be strong

supporting factors for the cattle market. Meat imports from Australia, New Zealand and other countries, at their maximum only eight percent of total beef production, will continue to decline during the 1961 period as domestic production increases. Such imports were primarily of the lower grades purchased by American meat buyers to meet the shortage of cow beef occurring during the expansion phase of the cattle cycle. Variations in domestic meat production will be the most important factors determining prices received by farmers and ranchers for livestock during the next 18 months.

II. FEED SUPPLIES AND PRICES

Record Supplies

The total supply of feed grains and other concentrates for the 1960-1961 feeding year are expected to be slightly above the record supplies of last year. The prospective feed grain crop for 1960 is 4 percent below the record crop of last year. But a further increase in the all-time high feed grain stocks will more than offset the smaller output. The total carryover into the 1960-1961 feeding year is expected to be 77 million tons, 9 million more than last year.

The August 1, 1960 estimates of the acreage, yield and production of important feed crops in Nebraska are given in Table 1.

A corn crop of 4.1 billion bushels is in prospect, second only to the record production of 4.4 billion bushel last year. A carryover of 1.9 billion bushels will bring the total supplies of corn to 6 billion bushels or 1 percent above the 1959-1960 supply. The corn acreage in Nebraska is the same as last year but down about 1 percent for the United States as a whole. Most of the reduction is in the South where acreage has trended generally downward for a number of years. Since the crop is later than normal, early frosts or wet weather at harvest time could result in soft or wet corn this year, as in 1957 and 1959.

The total disappearance of corn has increased sharply in recent years due almost entirely to increased livestock feeding. During the feeding year of 1959-1960, the total disappearance will be about 4 billion bushels, about 1 billion more than 5 years ago. With this rate of disappearance the carryover in 1961 will be about the same as the record carryover of corn this year.

The oats supply for 1960-1961 is estimated at a little over 1.4 billion bushels, slightly smaller than in 1959-1960. The July 1 carryover totaled 270 million bushels, 98 million less than in 1959. The much smaller carryover this year more than offsets the prospective increase in production. The 1960 crop is up 9 percent from last year's small crop but 10 percent below average.

Domestic consumption of oats in 1960-1961 is expected to continue near the 1959-1960 level, which was 13 percent below the 1954-1958 average. Exports of oats are expected to drop substantially below the high level reached in 1959-1960.

Sorghum grain production is forecast at 302 million hundredweight, 7 percent below last year. A smaller acreage was planted this year and yield per acre is expected to fall short of last year's record. Nebraska's sorghum crop got off to a relatively slow start but was catching up during July.

The total supply of barley for 1960-1961 is expected to be 3 percent below last year, due entirely to the drop in the carryover from the 1959 crop.

Total supplies of high-protein feeds and other by-product feeds for the 1960-1961 feeding year are expected to equal the 27 million tons available for the 1959-1960 year. The 1960 acreage of soybeans is up 5 percent and the cotton acreage is slightly above last year. But production of flaxseed is up 40 percent from last year. Exports of oilseed meal in 1960-1961 probably will be below the high level reached in 1959-1960.

Soybean stocks July 1 have decreased 43,000 tons from a year earlier, but the crush is expected to be about the same as the 1959-1960 season.

Table 1. Feed Crop Acreage and Production, Nebraska and U.S.,

Estimated as of August 1, 1960, with Comparisons

Area & Crop	Acreage for harvest			Unit	Yield per acre			Production		
	Average 1949-58	1959	1960		Average 1949-58	1959	1960	Average 1949-58	1959	1960
Nebraska	(Thousand acres)							(Millions)		
Corn	6,426	7,089	7,089	Bu.	32.9	49.5	47.0	209.1	350.9	333.2
Oats	1,990	1,197	1,077	Bu.	24.4	24.5	36.0	47.8	29.3	38.8
Soybeans	119	150	160	Bu.	21.3	26.0	27.0	2.5	3.9	4.3
Sorghum grain				Cwt.				11.5	33.3	44.4
Alfalfa	1,800	1,846	1,772	Tons	1.9	2.2	2.2	3.4	4.0	3.9
Wild hay	3,154	3,127	3,190	Tons	0.7	0.6	0.8	2.2	2.0	2.6
United States	(Million acres)							(Millions)		
Corn	79.0	84.6	83.7	Bu.	41.6	51.5	49.1	3,271	4,361	4,112
Oats	36.7	28.5	27.4	Bu.	35.7	37.7	42.6	1,303	1,074	1,167
Flaxseed	4.5	3.1	3.4	Bu.	8.4	7.3	8.4	38	23	28
Barley	11.8	15.1	13.9	Bu.	28.1	27.9	29.6	334	420	411
Soybeans	16.8	22.4	23.6	Bu.	21.3	24.0	23.2	361	538	548
Sorghum grain				Cwt.				146	324	302
All hay	74.2	69.4	69.6	Tons	1.5	1.6	1.7	110	113	115

The total supply of feed concentrates for 1960-1961, including feed grains, wheat and rye for feed and by-product feeds, is estimated at 265 million tons, slightly above the big supply last year (see Table 2). The supply per grain-consuming animal unit also will be a record high. The number of grain-consuming animal units in the 1959-1960 feeding season was 2 million less than a year earlier and is expected to decline 2 million in the 1960-1961 season. These decreases are due mainly to fewer hogs. The supply of 1.6 tons of feed per animal unit will be a fourth larger than the 1954-1958 average. The feeding rate per animal unit has increased sharply in the last 3 years, from 0.81 ton in 1956-1957 to 0.95 ton in 1959-1960. At this rate of feeding, the carryover at the close of 1960-1961 would be slightly larger than at the beginning of the year.

The 1960 hay crop in the United States is expected to be up 3 percent from last year. In Nebraska the hay crop is up 8 percent from last year, due entirely to the 26 percent increase in wild hay production, but the total hay supply in the 17 western states will be down because the drastic reduction in May 1 stocks was not offset by the increased production. In Nebraska, the tons of hay per forage-consuming animal unit is expected to be reduced from 1.67 tons in 1959-1960 to 1.63 tons in 1960-1961 if the same number of forage-consuming animal units remain in the state. The most severe reductions per animal unit will likely appear in Utah, Wyoming, and Kansas.

Table 2. Estimated Feed Concentrate Supplies, U. S., 1960, Year Beginning in October

Source	Average 1954-58	1959	1960
	(Mil. tons)	(Mil. tons)	(Mil. tons)
Carryover	44.4	67.7	77.0
Production			
Corn	95.0	122.1	114.3
Oats	21.8	17.2	18.2
Barley	9.9	10.1	10.2
Sorghum grains	10.4	16.2	16.0
Total	137.1	165.6	158.7
Imports	0.8	0.5	0.7
Wheat and rye	1.8	2.0	2.0
By-products	25.1	27.0	27.0
Total supply	209.2	262.8	265.4
Grain-consuming animal units (Mil.)	164.2	168.4	166.0
Supply per animal unit (Ton)	1.27	1.56	1.60
Concentrates fed per animal unit (Ton)	.83	.95	

The number of forage-consuming animal units, principally cattle, in 1960-1961 in the United States is expected to be up 3 percent from a year earlier. The estimated supply of 1.30 tons of hay per forage-consuming animal unit is down about 6 percent from 1959-1960, and is only slightly higher than the record disappearance of 1.28 tons in 1958.

Range feed conditions in the Western Range States have been fair to good with Nevada being poor; Arizona, Utah, Wyoming, Montana and Idaho being fair; North Dakota, South Dakota, Nebraska, Kansas, and Colorado being fair to good; and Oklahoma, Texas, and New Mexico being good. Stock water is generally adequate except in the west where supplies are short.

Feed Prices in 1960-'61

Feed grain price supports, except for corn, on the 1960 crop will be the same as the 1959 crop. The price supports on corn will be 6 cents lower per bushel. The range in price supports for Nebraska and the average price received by farmers is shown in Table 3.

Table 3. Nebraska Feed Grain Prices

	Support price range		Average received by farmers
	1959 Crop	1960 Crop	Nov. 1959-May 1960
Corn bu.	$1.05 - $1.12	$ .99 - $1.06	$ .95
Oats bu.	.45 - .51	.45 - .51	.66
Sorghum Grain cwt.	1.34 - 1.56	1.34 - 1.56	1.34
Barley bu.	.69 - .87	.69 - .87	.75

Corn prices probably will decline seasonally below the price support levels because of the possibility of wet corn conditions again and may average a little lower than last year.

Oat prices have been high relative to corn during 1959-1960 and probably will continue high in 1960-1961 in view of the short oat supply in prospect.

With prospects generally favorable for the 1960 sorghum grain crop, the average price received by farmers will probably again fall below the 1960 support level.

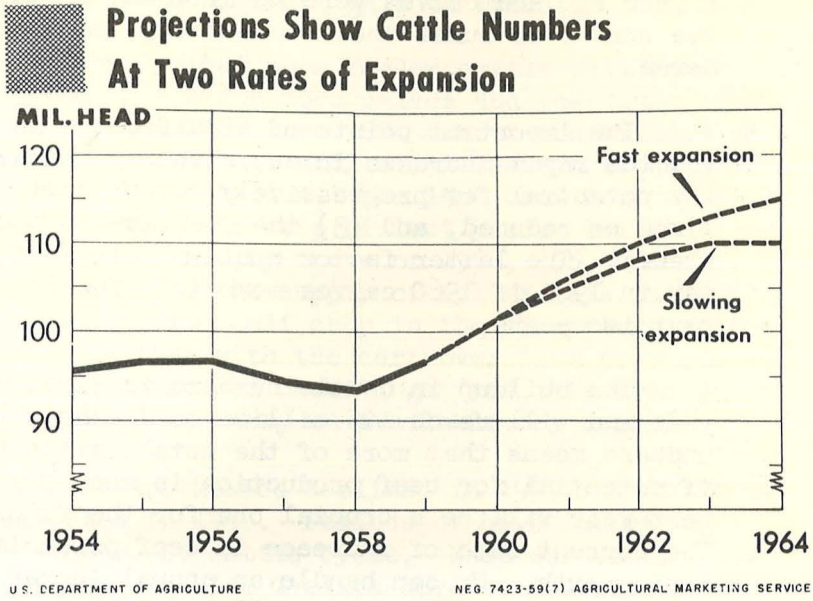
Protein feed prices probably will continue below last year due to ample supplies of soybeans on hand for crushing and generally good prospects for the 1960 crop. Fish meal, tankage, and meat scraps are also in ample supply as demand for these feeds for hogs and poultry will be slightly lower. Any change in the level of prices will have a significant effect on protein feed prices.

Hay prices in the west are currently above last year's levels. They are expected to increase this fall and remain near to somewhat above year earlier prices through the winter.

The beef steer - corn ratio in July was 21.0, four points above the 1949-58 average. The hog-corn ratio was 15.2, slightly above the 1949-1958 average.

III. BEEF CATTLE OUTLOOK, 1960-'61

Beef cattle numbers have been increasing for the past three years, set a new record in 1960, and will show further gains before the next down-turn occurs. The expansion phase of the cattle cycle has now reached the point where we can expect an increase in marketings of feeder cattle this fall, a continued high level of cattle slaughter and lower prices during the next 12 to 18 months. Sharp declines in the prices of either fed cattle or replacement cattle are not expected during the coming feeding season. Temporary declines could result from heavy marketings in a short period of time.



Cattle slaughter during the first six months of 1960 has been about 10 percent above the same period in 1959. Total beef production is up nine percent, and total red meat production is nearly one billion pounds above the first six months of 1959 with most of the increase in beef. Total beef production in 1960 is expected to be 14.7 billion pounds-- exceeding the 1959 production by about one billion pounds. Total red meat production will be nearly 28 billion pounds for the year. The increase in beef will be partially offset by a decline in the amount of pork available. Per capita consumption of beef in 1960 at 84.5 pounds will be three pounds over last year, but pork consumption will be four to five pounds less than in 1959. The net result is that total meat consumption per person will be little if any higher this year than during 1959. Price declines for cattle reflect increased numbers and higher beef production. Most of the gain in slaughter has been in fed cattle and the slaughter rate is not yet high enough to stop the build-up in cattle numbers. The prices of fed cattle this summer have been nearly $3.00 a hundredweight below a year ago, and stocker and feeder peices are $5.00--$6.00 below those of last year.

Although lower prices are never welcomed by cattle ranchers and feeders, they can be encouraged by the fact that prices have not gone down more rapidly considering the increase in beef supplies. Beef consumption per person this year will be nearly as high as in 1956, when prices were much lower than at present. The demand for beef and reduced pork supplies are the most important factors in providing strength for the cattle market.

Business conditions in 1960 have not been quite so favorable as expected earlier, but employment has remained high, personal income payments have reached new records and consumers are willing to spend their money for food as well as for other items. International conditions and domestic politics will be important factors affecting the level of business activity during 1960-'61, but no major changes in either direction are now expected so the demand for beef and other meat can be expected to hold up well throughout the 1960-'61 period.

Cattle Numbers: On January 1, 1960, cattle numbers reached an all-time high of 101.5 million-- an increase of nearly 5 million head during 1959. This increase resulted from reduced slaughter during last year-- nine million below the high beef production year of 1956, and from a bigger calf crop with a larger breeding herd. The main increase came in beef cattle-- seven percent in one year with the greatest gain in the plains states. Beef cows increased to 27.3 million for a new record. Many of these cows now have enough age to make increased culling inevitable. This will leave fewer heifers to go on feed unless breeding herds are reduced. Heifer numbers this year were up nine percent over 1959 with a larger proportion going on feed than in previous cattle cycles. The number of steers one year old and over was eight percent higher this year than a year ago and calves were up by seven percent. An increase of six percent in the number of bulls shows that cattle producers are building up their foundation herds.

The important points of significance in the cattle inventory for 1960 are (1) the rapid increase in cow numbers, nearly three million in two years, (2) the potential for progressively larger calf crops unless cow numbers are stabilized or reduced, and (3) the increase in the carryover of calves, heifers and steers. The latter factor could result in a sharp increase in feeding and slaughter in 1961 if 1960 calves move into feedlots in greater numbers than during the past two years.

The buildup in cattle numbers is expected to continue for at least another year and will reach 105 million on January 1, 1961. The decline in dairy cattle numbers means that more of the total cattle herd is made up of beef cattle so, if potential for beef production is much higher than five or ten years ago, the next year will be a crucial one for the future of the beef cattle industry. The current rate of increase in beef production is about four times that of demand growth. We can handle an annual increase of two percent at stable prices, but beef output this year will be eight to ten percent above that of 1959. Continued expansion at this rate will lead to much lower prices for beef cattle in 1962 and '63.

Feeder Cattle: The prices of stocker and feeder cattle will average lower than a year ago, but the seasonal movement of prices will be different than in 1959. Last year, prices held up well through the summer months and early fall, dropping sharply in the late fall to seasonal lows in December. Moderate recovery occurred last spring, but prices dropped unusually early and during July and August were five to six dollars a hundredweight below those of a year earlier. An additional seasonal decline of one to two dollars a hundredweight can be expected during the next three months as feeder cattle move in volume from the western range country. Early fall rains in the western states and unfavorable weather for maturing and harvesting feed grain crops in the Cornbelt could strengthen feeder cattle prices and prevent this expected seasonal decline.

Contracting of feeder cattle for fall delivery has been much lighter this summer than a year ago. Buyers are so far following a "wait and see" attitude and apparently feel that there is little risk in delaying purchases until later in the season. This attitude reflects uncertainty over the size and quality of the corn and grain sorghum crops, pessimism over the downward trend in slaughter cattle prices, and a feeling that replacement cattle prices are more likely to decline than to rise in view of cattle numbers and range feed conditions.

The feed and financial conditions of cattle ranchers is not so favorable as a year ago, but large scale herd reduction and distress selling will not occur this year. The 1960 hay crop was reduced by late frost in several north-

western states. Drought has also occurred this year in Idaho, Montana, and Wyoming. Reports from these areas indicate that ranchers may sell more feeder cattle than in the past two or three years but will not have to reduce their basic breeding herds. More cows will be marketed, but heifers will be kept for replacement which will increase cow slaughter but reduce the number of heifers available to place on feed. Range feed conditions and hay supplies are generally better than a year ago in the eastern plains states. Ranchers generally, throughout the western states, expect feeder cattle prices to be below those of last fall but are still not ready to sell or to enter into contracts at prices much below those of a year ago. Late summer and early fall rains in the western range states would result in delayed marketings as ranchers hold calves and yearlings for additional gain on grass.

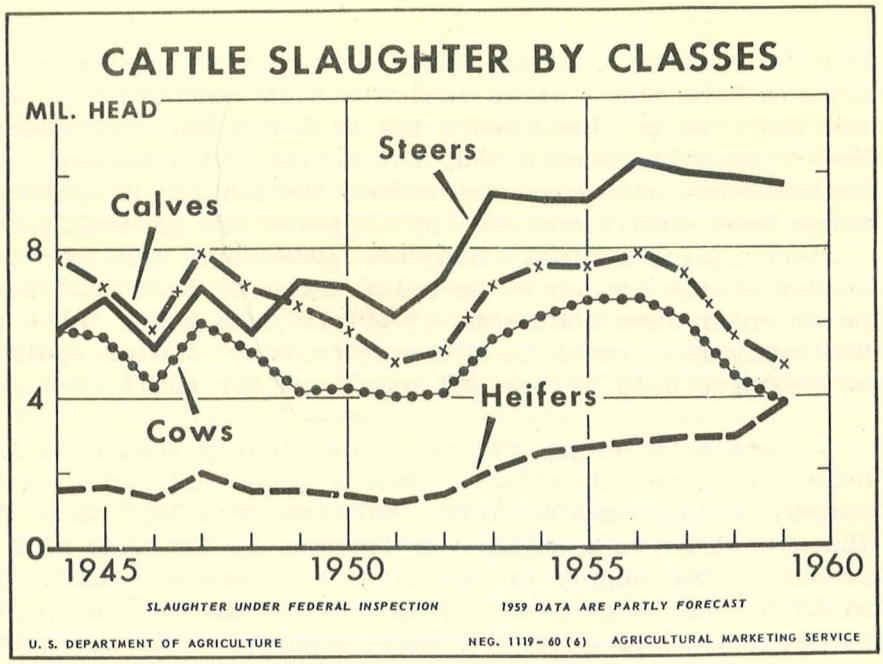
Cattle inventory figures show clearly that more feeder cattle will be available for market this fall. Nearly three million more calves and yearlings were carried over from 1959 into 1960 than from 1958 into '59. About one million of these will go to slaughter by October 1, but this will still leave a sizable increase in the supply of yearlings and two-year-olds. The 1960 calf crop at 41.7 million head is only one percent above the calf crop of last year. This calf crop is the fourth largest on record, exceeded only by those of 1954, '55, and '56. Calf slaughter has been above a year ago, so the supply of calves this fall will be be little if any larger than in 1959. The calf crop in the 11 western states was up two percent. This increase, together with the carryover from previous years and the drought of 1960 will result in increased marketings from this area as ranchers reduce their herds to what they can carry on available hay supplies.

Imports of live cattle from Canada and Mexico declined in 1959 and '60 from the high of over a million head imported in 1958. Periods of high imports of live cattle are closely related to the U. S. cattle cycle. When our cattle numbers are high and prices declining, imports also decline because low prices discourage the marketing of Canadian and Mexican cattle in this country. The reduction in live cattle imports in 1960 and '61 will partially offset the expansion in domestic production.

The demand for replacement cattle from the feeding areas will be strong during the 1960-'61 feeding season. Record feed supplies are again expected because increased carryovers will more than offset any slight reduction in 1960 production. The cutback in hog production this year will mean that more grain is available for feeding cattle. Price supports are available as an alternative market for feed grains provided that the corn and grain sorghum are harvested in storable condition. The lateness of the crop this year increases the risk that an early frost would result in soft corn and wet grain sorghum. If this happens, many feed grain producers will be looking for cattle, especially yearlings and two-year-olds, to consume this grain before warm weather next spring causes spoilage. The profit experience of feeders during the 1959-'60 season was fairly good, especially for those who bought cattle later in the fall after feeder cattle prices had declined. The downward trend in fed cattle prices since April leads to some pessimism among cattle feeders. Since slaughter cattle prices are expected to average lower in 1961 than this year, continued downward pressure on feeder cattle prices can be expected.

Slaughter Cattle: Prices of slaughter cattle are expected to drift downward during the 1960-'61 season. The spread between grades will increase with the prices of the better grades of fed cattle showing more strength than the lower grades. Increasing slaughter of beef cows will reduce prices for lower grade beef. The strong demand for feeder cattle is expected to confine the increased slaughter of grass cattle mostly to cows. Commercial cattle slaughter in the last

half of 1960 is expected to be eight to ten percent above the same period of last year but with the largest increase in the non-fed or grass cattle, especially cows.



The number of cattle and calves on feed July 1 in the 21 major feeding states was 5.4 million-- up four percent from a year ago but down 16 percent from April 1. The number of steers weighing over 900 pounds and heifers weighing over 700 pounds was slightly less than a year ago. Cattle and calves placed on feed in these 21 major feeding states during the second quarter of this year numbered six percent less than in the same period of 1959 and shipments of stocker and feeder cattle into eight cornbelt states were 21 percent below a year ago. This slight increase in the number on feed and the reduction in placements indicate that fed cattle prices should be stable to slightly higher during the rest of the year.

Fed cattle prices in 1960 have followed about the same seasonal movement as during the past two years, increasing in the winter and early spring months, declining through the summer, and stabilizing in the fall with recovery beginning about the end of the year. Strong consumer demand for beef and reduced pork supplies during the next 12 months will prevent larger beef supplies from depressing the cattle market except during periods of heavy runs.

The prospects for continued large beef supplies through 1961 leads to the expectation that prices next year will average about $2.00 lower for slaughter cattle than in 1960. The seasonal movement for fed cattle is difficult to predict at this time because of the uncertainty associated with the corn and grain sorghum crops for this year. Favorable weather for maturing and harvesting these crops would permit many grain farmers to place their crops under price support. In this case, the seasonal movement of cattle prices would be similar to that of the past three years. Unfavorable weather resulting in soft corn and wet grain sorghum would lead to a sharp increase in the placement of cattle and calves on feed this fall and winter. Many of these would be handled under short feeding systems in order to consume the grain before warm weather. If this happens, the winter price rise would probably be less than in the 1958 to '60 period and the spring decline could set in earlier than usual. Weather conditions in the range area will have an important effect upon price movements in the summer and fall of 1961. The buildup in cattle numbers places western cattle ranchers in a vulnerable position if widespread and prolonged drought should occur. Hay reserves have been reduced by severe winter weather in 1959 and '60 and by short crops in some areas in 1960. These weather conditions will need to be watched carefully by both ranchers and feeders as the 1960-'61 season progresses.

Profit Prospect: In figuring profit prospects from cattle feeding in the year ahead, ranchers and cattle feeders can safely assume that feeder cattle prices

will be lower this fall than a year ago. Slaughter cattle prices will also average lower than in 1960 with the main decline in the lower grades. Feed costs will be about the same as in 1959-'60 unless corn and grain sorghum fail to mature properly this fall. At this stage of the cattle cycle, the feeding of heavier cattle under shorter feeding systems is likely to be more profitable than the longer feeding system. Feeders can expect positive price margins for yearlings and two-year-olds and narrower negative price margins on calves and light yearlings. Cattle ranchers can expect lower income in 1960 and '61 than in the period just past because of higher cost and lower prices for cattle. Cattle feeders should realize average or somewhat better than average profits from feeding in the year ahead unless the soft corn problem develops. The period ahead calls for a careful and continual study of weather and feed conditions in both the range and feeding areas and of trends in cattle numbers and marketing intentions.

How to Check Prospects for Profits in 1960-'61

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. Interest and Miscellaneous Costs	
a. Death loss, taxes, veterinary expenses, equipment, salt and mineral.	
(1) Feeder Cattle--Feeder Sheep	1.00 per cwt.
(2) Hog Raising	1.50 per cwt.
b. Interest on livestock	0.65% per month

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

Corn, per bushel	$ 1.00
Corn Silage, per ton	8.25
Alfalfa Hay, per ton	15.00
Pasture (Corn stalks, pasture aftermath, etc.) 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 1025 pounds, on liberal grain ration full-fed to choice grade, about 9 months, 600 pounds gain).

			Example:
1.	Purchase price of feeder, 425 lbs. @ $29		$123.25
2.	Feed cost (price laid in feedlot)		
	Corn 63 bu. @ $1.00	$63.00	
	Protein Supplement 150 lbs. @ 3.5¢	5.25	
	Alfalfa Hay .5 ton @ $15.00	7.50	
	Pasture 40 days @ 10¢	4.00	
3.	Total feed costs		79.75
4.	Feed cost per cwt. gain (79.75 ÷ 600/100		13.30
5.	Price necessary to cover		

a. Cost of steer, feed and marketing

$$\frac{79.75 \text{ (feed cost)} + 123.25 \text{ (cost of steer)}}{\text{1025 lbs. selling weight of steer}} = \$19.80$$

19.80 + .60/cwt. for marketing = 20.40

b. Items in 5a plus:

(1) Miscellaneous costs $1.00 per cwt.

(2) Interest

$$\frac{\$123.25 \times .0065 \times 9}{1025} = .70$$

= 22.10

c. Items in 5b plus average returns of $27 per head on this feeding system 24.75

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	Estimated Your Figures	12	Estimated Your Figures	10.5	Estimated Your Figures
Purchase Weight (lbs.)	425		425		425	
Total Gain (lbs.)	600		600		600	
Final Weight (lbs.)	1025		1025		1025	
Average Daily Gain (lbs.)	2.2		1.7		1.9	
Feed Required						
Corn (bu.)	63		36		40	
Protein (lbs.)	150		150		285	
Alfalfa Hay (ton)	.5		.5		.5	
Corn Silage Equiv. (ton)			2.1		2.5	
Pasture (days)	40		120		40	
Purchase Price ($/cwt.)	$29.00		$29.00		$29.00	
Feed Cost/cwt. Gain	13.30		13.00		13.70	
Selling Price/cwt. necessary to cover:						
1. Cost of steer, feed and marketing	20.40		20.25		20.60	
2. Costs in item 1 plus miscellaneous and interest	22.10		22.20		22.40	
3. Costs in item 2 plus return to labor and mgt. ($27.00/head)	24.75		24.75		25.00	

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		8-9		6	
	Estimated	Your Figures	Estimated	Your Figures	Estimated	Your Figures
Purchase Weight (lbs.)	700	_____	700	_____	650	_____
Total Gain (lbs.)	450	_____	550	_____	400	_____
Final Weight (lbs.)	1150	_____	1250	_____	1050	_____
Average Daily Gain (lbs.)	2.5	_____	2.1	_____	2.2	_____
Feed Required						
Corn (bu.)	52	_____	35	_____	11	_____
Protein (lbs.)	100	_____	100	_____	300	_____
Alfalfa Hay (ton)	1.0	_____	.8	_____		_____
Corn Silage Equiv. (ton)		_____	3.5	_____	4.0	_____
Pasture (days)		_____	30	_____		_____
Purchase Price ($/cwt.)	$25.00	_____	$25.00	_____	$19.00	_____
Feed Cost/cwt. of Gain	15.70	_____	15.00	_____	13.60	_____
Selling Price/cwt. necessary to cover:						
1. Cost of steer, feed and marketing	21.90	_____	21.20	_____	17.60	_____
2. Costs in item 1 plus miscellaneous and interest	23.50	_____	22.75	_____	19.25	_____
3. Costs in item 2 plus return to labor and mgt. ($21 per head)	25.25	_____	24.50	_____	21.00	_____

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)	4-5		5		7-8	
	Estimated	Your Figures	Estimated	Your Figures	Estimated	Your Figures
Purchase Weight (lbs.)	900	_____	650	_____	400	_____
Total Gain (lbs.)	350	_____	300	_____	450	_____
Final Weight (lbs.)	1250	_____	950	_____	850	_____
Average Daily Gain (lbs.)	2.7	_____	2.1	_____	2.0	_____
Feed Required						
Corn (bu.)	51	_____	38	_____	45	_____
Protein (lbs.)	30	_____	60	_____	150	_____
Alfalfa Hay (ton)	.6	_____	0.5	_____	.6	_____
Corn Silage Equiv. (ton)		_____		_____		_____
Pasture (days)		_____		_____		_____
Purchase Price/cwt.	$21.00	_____	$23.00	_____	$27.00	_____
Feed Cost/cwt. Gain	17.45	_____	15.90	_____	13.85	_____
Selling Price/cwt. necessary to cover:						
1. Cost of steer, feed and marketing	20.60	_____	21.35	_____	20.60	_____
2. Costs in item 1 plus miscellaneous and interest	22.00	_____	22.90	_____	22.25	_____
3. Costs in item 2 plus return to labor and mgt. ($15 per head)	23.25	_____	24.50	_____	24.00	_____

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	
Total Gain (lbs.)	360		270		270	
Final Weight (lbs.)	760		670		670	
Average Daily Gain (lbs.)	1.1		1.5		1.5	
Feed Required						
Corn (bu.)			10			
Protein (lbs.)			10		130	
Alfalfa Hay (ton)	.4		.4		.4	
Corn Silage Equiv. (ton)	2.20		2.20		3.10	
Pasture (months)	150					
Purchase Price/cwt.	$29.00		$29.00		$29.00	
Feed Cost/cwt. Gain	10.90		12.65		13.40	
Selling Price/cwt. necessary to cover:						
1. Cost of steer, feed and marketing	21.00		23.00		23.30	
2. Costs in item 1 plus miscellaneous and interest on steer	23.00		24.75		25.00	
3. Costs in item 2 plus return to labor and mgt. ($15 per head -- 1 yr.; $10 per head for 6 mos.)	25.00		26.25		26.50	

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	_____		_____
Total Gain (lbs.)	300	_____	30	_____		_____
Final Weight (lbs.)	950	_____	100	_____	3150	_____
Average Daily Gain (lbs.)	1.6	_____	1/3	_____		_____
Feed Required						
Corn (bu.)		_____	2.25	_____	210	_____
Protein (lbs.)		_____	9	_____	1300	_____
Alfalfa Hay (ton)	.6	_____	.07	_____	0.6	_____
Corn silage equiv. (ton)	3.5	_____		_____		_____
Purchase Price ($/cwt.)	$25.00	_____	$19.00	_____ (Sow)	$80.00	_____
Feed Cost/cwt. of gain	12.60	_____	12.20	_____	9.10	_____
Selling price/cwt. necessary to cover:						
1. Cost of animal, feed and marketing	21.70	_____	17.56	_____	9.70	_____
2. Costs in item 1 plus miscellaneous and interest	23.40	_____	18.82	_____	11.50	_____
3. Costs in item 2 plus return to labor and mgt. ($15 on steers; $2.50 on lambs; $4 per pig)	25.00	_____	21.32	_____	13.25	_____

IV. CATTLE SHRINKAGE: EFFECT ON PRICES

The total value of an animal is computed by the total weight times the price per cwt. For a slaughter animal this total value is determined by the yield of carcass and the price per cwt. of carcass.

The total weight of an animal changes during a 24-hour period and while in transit. This decrease in weight overnight or while in transit is called excretory shrink or loss of belly fill. The carcass weight changes very little overnight or while in transit, thus the total value of the animal changes very little. But since the live weight changes overnight and while in transit, the live price per cwt. must change in the opposite direction, depending on the amount of shrink.

Amount of shrink:

The shrinkage of cattle varies greatly depending on a large number of factors and conditions. Most of the shrinkage occurs during the first few hours after an animal has been taken off food and water. It also varies with the distance traveled. The University of Wyoming found that Hereford feeder steers trucked for various lengths of time and distances shrank the average amount shown in Table 4.

Table 4. AVERAGE SHRINK OF HEREFORD FEEDER STEERS

Trucked	Distance	Average shrink
Hours	Miles	Percent
8	211	3.9
16	390	6.1
24	600	6.6

High temperatures and high relative humidity cause excessive shrink. During the first nine hours in transit, fat cattle shrink more than feeder cattle. Beyond nine hours, the shrinkage for feeder cattle is greater. But the net shrink (weight after fill-back) shows little difference.

The kind of treatment before shipping also affects the shrink. Overfilled cattle are uncomfortable. This discomfort brings nervousness, excessive pushing, and crowding. Upon arrival, these animals are dirty, rough, and slow to take a fill. Cattle kept off feed and water four hours or overnight travel best in transit.

The kind of feed also affects the amount of shrink. As shown in Table 5, cattle on dry range or hay shrink less than cattle on green pasture.

Table 5. SHRINK OF CATTLE FROM GREEN PASTURES AND DRY RANGE[1/]

Hours in transit	Green pasture	Dry range
	-- percent shrink --	
2	5.2	3.3
10-17	7.0	5.2
18-35	7.6	6.4
60-83	12.1	10.6

1/ Harston, Clive R. "Shrinkage Depends on How You Market." Montana Agricultural Experiment Station Circular 222, April 1959.

Since the shrink varies from less than one percent to over ten percent, the sellers of stockers, feeders, and slaughter cattle should check and keep records of shrink under their own conditions. Those who know their shrinkage experience are in a better position to bargain with a cattle buyer who has to guess at the shrink that the cattle will incur. Since a rancher can never hope to match his total sales experience with that of a professional cattle buyer, the knowledge of shrink in his own cattle will help him make the best sale.

The shrinkage can be checked by weighing with accurate scales on the farm and compared with the weight when the cattle arrive at market. If scales are not available on the farm, the cattle can be weighed on the truck, but some shrink will have occurred already because of loss of fluid.

Importance of shrink:

The prices of cattle in terminal markets are for the actual weights as determined by supervised weighing. In some cases the cattle have had access to food and water and in some cases not.

Many sales made at local buying stations and by local buyers include a "pencil" shrink. This is done in an attempt to keep these prices comparable with the price quoted at a terminal market.

The total value of an animal is determined by bargaining on the sale price and the percent of shrink. Since the buyer and seller are attempting to arrive at the total value of the animal or a lot of animals, the bargaining is easier if one of the two factors in bargaining is determined accurately and fixed. The total weight can be determined accurately by weighing on scales. The buyer and the seller can then concentrate on bargaining over price since the effect of weight or shrink on price is known.

The following table can be used to compare prices that are equivalent when 2 to 8 percent shrink (real or "pencil") is incurred.

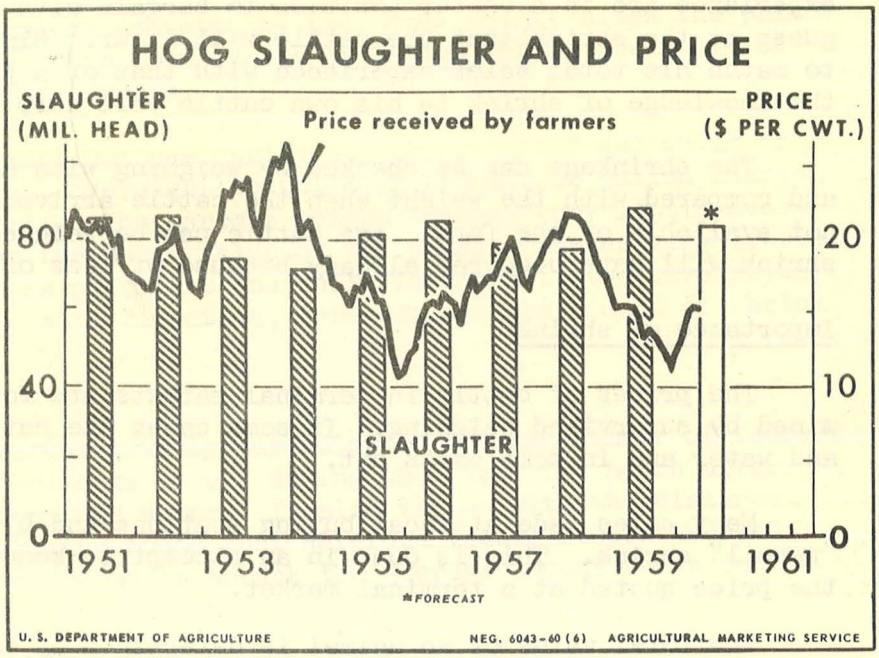
Table 6. CHANGES IN PRICE TO COMPENSATE FOR DIFFERENT SHRINKAGE

Asking	2%	3%	4%	6%	8%
			(Dollars per cwt.)1/		
$15.00	$15.31	$15.46	$15.63	$15.96	$16.30
16.00	16.33	16.49	16.67	17.02	17.39
17.00	17.35	17.53	17.71	18.09	18.48
18.00	18.37	18.56	18.75	19.15	19.57
19.00	19.39	19.59	19.79	20.21	20.65
20.00	20.41	20.62	20.83	21.28	21.74
21.00	21.43	21.65	21.87	22.34	22.83
22.00	22.45	22.68	22.92	23.40	23.91
23.00	23.47	23.71	23.96	24.47	25.00
24.00	24.49	24.74	25.00	25.53	26.09
25.00	25.51	25.77	26.04	26.60	27.17

1/ An asking price of $15.00 with no shrink is equivalent to $15.63 with four percent shrinkage.

V. HOG OUTLOOK -- QUICK UPTURN?

The 1960 spring pig crop was 16 percent smaller than that of 1959 but only 10 percent smaller than the 1949-58 average. Planned fall farrowings are down 4 percent from those of 1959 but 23 percent above the 1949-58 average. The combined spring and fall pig crop for 1960 should be down 11 percent from the 1959 pig crop and down only 1 percent from the 1949-58 average.



Several significant changes and trends have occurred in hog production and marketing. The proportion of the total number of pigs saved in 1960 coming in the fall crop will be the highest on record - 46 percent.

Pigs saved per litter has been trending upward in the last 10 years but declined in 1960. Unusually bad weather during February and March was a factor in this decline. The number of pigs saved per litter in 1961 is expected to follow the upward trend and be a factor for greater production.

Due to the downturn in hog production, the trend toward earlier farrowing was also interrupted this year. Over 17 percent fewer sows farrowed in the first half of the spring season (December-February) this year than last, but later farrowings were reduced only 13 percent. The proportion of farrowings in December-February had increased from less than 20 percent before 1950 to over 38 percent in 1959.

For the Cornbelt, producers' plans for summer farrowings (June-August) indicate a decrease of 6 percent while intentions for September-November show an increase of 2 percent. The hog-corn price ratio this summer, fall and next spring will be well above average. Since 1950, a ratio of 12.8 or above has been followed by an increase in spring farrowings. In July the hog-corn price ratio was 15.2.

This downtrend in hog production may be the shortest on record. On a monthly basis the expansion phase and the contraction phase of hog production has shortened from 27 months in 1951-52 to 22 months. If the upturn in farrowings occurs durinig the 1961 spring crop, the current downswing will be only 14 to 20 months long.

Pork is largely sold as a fresh product. This means that prices are dependent very much on current supplies. With this in mind, the fall seasonal price decline will be about the same as in other years. It will start at a relatively high level but not as high as in 1958. With the fall crop being

nearly the same size as the spring crop, prices should remain stable at current levels of $16 to $18 during next spring and summer.

One sobering fact to take into consideration is that beef supplies are higher and prices lower than they were earlier, and there has been a declining trend in the per capita demand for pork.

Table 7. Pig Crops: Nebraska and U. S., 1960 with Comparisons

Year	Pigs Saved		
	Spring	Fall	Year
		(Million head)	
Nebraska			
Ave. 1949-58	2.9	1.1	4.0
1958	2.5	1.5	4.0
1959	2.9	1.4	4.3
1960	2.2	1.4	3.6
Cornbelt			
Ave. 1949-58	42.7	25.5	68.2
1958	40.9	31.7	72.6
1959	44.8	31.6	76.4
1960	37.4	31.0	68.4
United States			
Ave. 1949-58	54.7	36.5	91.3
1958	52.3	42.2	94.5
1959	58.6	42.8	101.4
1960	49.1	41.5	90.6

VI. LAMB FEEDING AND WOOL OUTLOOK

LAMB CROP UP AGAIN; PRICES LOWER

The 1960 U. S. lamb crop totaled 21.6 million head, 2 percent larger than the 1959 crop and 11 percent above the 1949-58 average. The western states, South Dakota, and Texas increased more than the U. S. average and the native states decreased from 1959. The greatest number of feeders for Nebraska come from Wyoming, South Dakota, Texas, and three other states which increased their lamb crop about 5 percent from last year. Wyoming increased its crop 11 percent.

	1960 Crop-Percent change from	
	1959 Crop	1949-58 Average
Western states, South Dakota, and Texas	Up 4%	Up 12%
Texas	Up 5%	Up 14%
Wyoming	Up 11%	Up 19%
Six states supplying Nebraska feeders	Up 5%	Up 17%
Thirty-five native states	Down 2%	Up 10%
Nebraska	Up 1%	Up 45%
U. S.	Up 2%	Up 11%

The condition of sheep and lambs on western ranges was average on August 1 and fall shipping weights will be about the same to slightly lower than last year. A larger percentage of the lamb crop also apparently will be available for feeding or slaughter since practically no premium has been offered for white-faced ewe lambs that would be held for flock replacement. This means that the current slaughter numbers will increase more than the increase in number saved and that the 1961 lamb crop may be smaller.

Fat lamb prices are expected to be slightly lower than last year at about $19.00. Increased beef supplies and lower beef retail prices along with increase lamb marketings will create downward pressure on lamb prices. These lower prices will reduce competition from lamb imports.

Wool

Prices received by producers for shorn wool will probably be similar to the pattern of a year ago, when prices in the fall and winter months were 4 to 6 percent below those of mid-summer.

World prices are expected to continue at present levels until the opening of the 1960-61 marketing season in Australia in late August. Trade sources expect prices to ease then with the 1960-61 record wool production. Since domestic prices tend to follow those in world markets, lower world prices could lower domestic prices more than the normal seasonal change.

The incentive level for shorn wool for the current marketing year, which includes marketings between April 1, 1960 and March 31, 1961, is 62 cents per

pound, the same as for each preceding year of the program.

Shorn wool payments for the 1959 marketing year was 43.2 percent of the dollar returns each producer received from the sale of shorn wool during the year.

To determine the wool incentive payment for individual producers, the rate of 43.2 percent is applied to the dollar return each producer received for wool after paying marketing charges. Under this method, the producer who gets the best possible price for his wool also gets a higher incentive payment. This encourages producers to do a good job of producing and marketing their wool.

The payment rate on sales of unshorn lambs to compensate for the wool on them was 75 cents per hundredweight of live animals sold. This payment is designed to discourage unusual shearing of lambs before marketing. It is determined on the basis of the average weight of wool per 100 pounds of lamb, the value of lamb wool relative to shorn wool, and the average shorn wool incentive payment per pound.

Deduction of 1 cent per pound from shorn wool payments and 5 cents per 100 pounds of liveweight from lamb payments will be made for advertising, promotion, and related market development activities on wool and lamb. This program (under Section 708 of the National Wool Act) is carried out by the American Sheep Producers Council, Inc., which was established for that purpose. Deduction from payments were approved by producers in a referendum in 1959.

The National Wool Act directs the Secretary of Agriculture to support the price of shorn wool at an incentive level necessary to encourage an annual production of 300 million pounds of shorn wool. The 1960 clip is estimated at 265.3 million pounds, grease basis, and is 3 percent more than last year's clip and the highest since 1946.

U. S. Renegotiating Wool Fabric Tariff

The United States Government has agreed to renegotiate the woven wool fabric tariff along with many other tariffs at negotiations to begin September, 1960 in Switzerland. This negotiation is a result of hearings held in December, 1959 before the U. S. Tariff Commission and the Committee for Reciprocity Information. In these multilateral tariff negotiations, the U. S. Government participates under the authority of the Trade Agreements Act and within the framework of the General Agreement on Tariffs and Trade (GATT).

By offering to renegotiate tariffs of specific commodities imported, the United States will request tariff concessions from other countries on:

Animals and animal products
Vegetable products and beverages
Textile fibers and manufactures
Wood and paper
Non-metallic minerals
Metals and manufactures
Machinery and vehicles
Chemicals
Miscellaneous.

The President is authorized to reduce United States duties in stages by any one of three alternative methods as follows:

1. Reducing the rate existing on July 1, 1958 by not more than 20 percent, provided that no more than a 10 percent reduction may be made effective in any one year.

2. Reducing the rate existing on July 1, 1958 by not more than 2 percentage points ad valorem. The reduction in any one year under this alternative may not exceed 1 percentage point.
3. Reducing to 50 percent ad valorem or its equivalent a rate which is in excess of that level, provided that no more than one third of the total reduction may become effective in any one year.

The present tariff on woven wool fabrics is 25 percent ad valorem until imports total 5 percent of the average of domestic production for the 3 preceding years, after which the rate increases to 45 percent. The minimum tariff that could be negotiated would be 20 percent ad valorem until imports total 5 percent of the domestic production for the 3 preceding years and 36 percent thereafter.

Public Law 86-557, passed by the second session of the 86th Congress, makes permanent the existing suspension of duties on wools finer than '40's but not finer than '46's when imported under bond for use in manufacture of rugs and carpets and other products exported. It also allowed the U.S.D.A. to re-establish the standards determining the grades of wool.