

Beef Cattle Situation

Large increase in state's population is important factor in industry changes

Edwin C. Voorhies

The California cattleman cannot be separated from the national picture but when compared with those in many other agricultural industries, he is in a relatively favorable situation.

The cattle population in the United States declined in the period from 1945 through 1947. During 1948 numbers increased so that on January 1, 1949 estimates place them where they were six years previous. On the other hand, California numbers declined slightly through 1948. Indications are that from the supply side numbers should not be burdensome.

At the same time, the human population of the United States has increased since the prewar period.

An analysis of the economic situation of the cattle industry must take into consideration supplies of other meats.

Normally more pork and beef is consumed. The 1948 crop of pigs was the largest since 1945 and indications point to a considerable increase in the 1949 spring crop. The increase in pork produced in 1949 probably will make up for a decline in supplies of other red meats.

Sheep numbers are at the lowest point in several decades and the prospects are that there will be a further decline.

Poultry meat has become an increasingly more important competitor of red meat. Indications are that considerably greater supplies may be available in the last half of 1949.

While California's beef cattle industry is tied into that of the nation, changes have altered its supply position. The most important change has been the large increase in the human population.

Changes in management have brought increased productivity, yet it has become necessary to bring in beef from outside the state to satisfy the demands of the human population.

Pork supplies have been and will continue to be shipped in. Out-of-state poultry supplies have long been necessary. Recently sheep have been on a net-shipment basis. It is now necessary to ship as many as two thousand and more carloads of eggs. Only turkeys are on a surplus-exportable-basis.

The supply situation of California's animal husbandry would appear to be relatively favorable. Neither present nor potential supplies of beef within the state

are large. Necessary increased supplies will continue to come into the state from other areas.

Records of livestock slaughter in California indicate that fewer cattle, calves, sheep and lambs were slaughtered in 1948 than in 1947. The one exception was hogs. This downward trend may continue in 1949.

All meats in the country in 1949 will probably be about the same in amount as in 1948—with the first half of the year with smaller supplies and the latter half with larger amounts. There probably will be a decline in the amount of beef. Pork on the other hand will increase.

Quality of beef should improve on account of the large available coarse grain supplies. The ratio between beef cattle and grain prices will be far more favorable in 1949 than they were in 1948.

An examination of prices paid producers for beef cattle in the United States in 1948 indicates that during the last six months there was some actual weakening in the demand.

The national farm price peak of \$25.80 per hundred pounds—\$25.00 in California—was reached in July 1948. By December a drop of approximately 20% had occurred. While the nation's farm price was higher by \$1.00 than it was in December 1947 the seasonal decline in 1948 was far greater. Normally a drop of approximately 9% occurs.

The downward tendency in veal prices was resisted more vigorously. The high of \$26.70 in July 1948—the California high was \$28.20 in June—declined in the nation and in California to \$24.90 in December—a decline of less than 7%.

The producer hog price of \$27.30 was reached in September 1948—California, \$29.50. A drop to \$21.10 in December—California \$22.80—carried prices downward by close to 23%—somewhat greater than the normal seasonal decline.

The supplies of cattle on the market during a given period have more influence on price than potential supplies or numbers of animals on the nation's farms.

A very considerable number of fed cattle was marketed prior to January 1948. The disposal of these animals should help in supporting beef cattle prices in the first half of 1949. At present, the spring of 1949, the animals on feed are numerous—especially in California—

and most of them are headed for late spring and summer markets.

The effects of the severe winter in the areas west of the Mississippi River will decrease beef and sheep supplies somewhat. It is highly probable that the condition of cattle and sheep at calving and lambing periods may prove to be more decisive in restricting supplies than actual deaths from severe cold.

The decline in price in the latter part of 1948 in both cattle and hogs was probably the result of several factors besides the normal seasonal one. Some of the decline was the result of the increase just mentioned. Part of it was the result of the lag between wholesale and retail prices. Another factor undoubtedly has been the competition for the consumer's dollar.

Other necessities have begun to compete with these high meat prices. Higher rents, higher local taxes, higher utility rates have shown a considerable increase. Consumers have been spending more for durable goods such as automobiles, trucks and refrigerators. If the purchasing power of the people should lessen, any down trend in over-all prices would affect those of beef, even though supplies were not burdensome.

Normally, producer prices for beef cattle rise from December to May while hog prices continue the rise through to September. Unless demand falls off materially it would seem likely that beef cattle prices might strengthen during the first part of 1949. During the last half of 1949—indications are that while the supplies of beef may be increased, those of pork will be greater.

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