

Record production pushes meat prices down

Meat and livestock prices averaged well below year-earlier levels during the second quarter of 1980—primarily because of record pork and poultry production, year-to-year increases in beef production, and declines in real consumer income, according to a U.S. Dept. of Agriculture livestock and meat summary.

Record supplies allowed consumers to substitute meat whenever the price of one rose relative to another, keeping downward pressure on all meat prices. Retail pork prices, averaging about \$1.25 per pound, were down 16 percent from a year earlier and the lowest since the second quarter of 1977. Beef averaged about \$2.32 per pound, down 2 percent from a year earlier.

The drop in livestock prices at the producer level was even more severe. Hog prices in April and May fell below \$30, about \$15 below a year ago and the lowest price since June 1974. Fed cattle prices were about \$10 below a year ago. These low prices continued to keep returns to producers below the cost of production, and this is likely to result in a cutback in meat production later in the year.

Beef and broiler production will likely drop from year-earlier levels in the third quarter, and pork production may decline in the fourth quarter. However, total meat production will stay large with third quarter production remaining above year-earlier levels. Fourth quarter production, while falling slightly below 1979 levels, will still be up 1 to 2 percent from 1978.

Pork production is expected to continue above year-earlier levels during the third quarter of 1980, but may fall from last year's level by the end of the year. The June 1 inventory of market hogs and pigs was 3 percent above a year earlier. These hogs will be marketed over the next 6 months. The weight distribution indicates hog slaughter will be 5 to 7 percent above a year ago in the third quarter but fall 1 to 2 percent from year-ago levels in the fourth quarter. The breeding inventory and farrowing intentions were both 8 percent below a year earlier, suggesting hog slaughter will decline sharply in the first half of 1981.

Beef production in the second half of the year will fall below year-earlier levels, reflecting the sharp reduction of cattle placed on feed during the first half of the year. The number of cattle on feed on June 1 in the 7-major feeding states was down 11 percent from a year earlier and the lowest June 1 number on feed since 1975. Fed beef production is expected to decline, but increased slaughter to cows and nonfed steers and heifers may offset most of this decline. However, continued hot, dry weather and deteriorating pastures could further boost nonfed slaughter.

With a seasonal drop in meat production this summer to near year-earlier levels and a year-to-year decline late in the year, second half 1980 livestock and meat prices are expected to be higher than they have been this spring. The retail price of pork in the second half of the year may average around 15 percent above this spring's low level, but it would still be only about 5 percent above a year earlier. On the other hand, retail beef

prices could rise about 5 percent from the spring and be about 10 percent above a year earlier. At the producer level, hog prices rose from

below \$30 to the low \$40's by the end of June. However, hog prices are expected to decline seasonally by late summer and average in the upper-\$30's

for the second half of the year, about the same as a year ago. Choice steer prices may average near \$70, \$3 to \$4 above a year ago.

Range forage outlook good in eastern Ore.

The range forage outlook for eastern Oregon, based on reports from 66 stations, is good, and that is a conservative estimate. "The overall mean is 122 percent of normal," said

Forrest A. Sneva, USDA research agronomist at the Squaw Butte Agricultural Experiment Station in Burns. He said forage yields of about 103 percent of normal forage.

"Exceptionally heavy rains which hit much of the range in August last year are believed to have had a beneficial influence," Sneva said. "Too, the 1980 growing

season has been somewhat cool. This has reduced the loss of soil moisture through evaporation and slowed grass growth, making the use of total moisture more efficient."

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