NORTH CAROLINA
Farm Tips
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The U. S. cattle inventory is approaching a turning point.

The largest downward movement of cattle numbers in history—from 132 million head in 1975 to 116 million early this year—will soon be ending, and rebuilding of herds will follow according to Bill Humphries, agricultural information specialist at N.C. State University.

Production of both beef and pork has typically occurred in cycles. The beef cycle lasts more than twice as long as the pork cycle, largely because of biological factors.

In the case of pork, the time from breeding until the pigs reach slaughter weight is no more than 10 months. But the time from the breeding of a cattleman's heifer until her offspring reaches slaughter weight can be about 27 months.

And if the heifer's first offspring is retained to further increase the herd rather than being sent to market for slaughter, it could be about 5½ years from the time the first calf is retained to increase output, until that heifer's offspring reaches slaughter.

On the other hand, broiler producers can shift from reduced to increased output in as short a time as three months.

Historically, according to agricultural extension specialists at North Carolina State University, there has been about a four-year production cycle for hogs and a 10-year cycle for cattle. The length of a cycle may be affected by external as well as biological factors.

For example, most cattlemen objected strongly to a U.S. government decision, announced June 8, to permit the level of meat imports for 1978 to increase 200 million pounds. The increased allowance will raise total imports to about 1.5 billion pounds and will add about one pound to per capita consumption.

Industry spokesmen say increased imports will reduce retail meat prices only slightly, but the psychological effect on cattlemen will be to discourage them from increasing their production as rapidly as they had planned.

Livestock prices act as signals to the producer, telling him whether to expand or reduce production. Higher prices are signals to increase output, low prices to cut back.

Once production has increased to the point where supplies are abundant, prices decline. The producer then gets the signal to cut back. But, it takes time for him to adjust.

Beef cattle producers sustained heavy financial losses during most of the past four years. Their costs held at relatively high levels while the prices they received for their animals were low.

It was these losses, combined with droughts in many areas of the United States, that caused a large reduction in the cattle herd.

Herd reduction provided consumers with record large beef supplies at relatively low prices. From 1975 through 1977, according to U.S. Department of Agriculture economist James E. Nix, the rise in retail beef prices was considerably less than the rise in the overall consumer price index.

In 1978, rising meat prices—particularly for beef—have caused concern among consumers because of the importance of meat in the American diet. USDA's Nix said consumer expenditures for red meats and poultry account for about one-third of total U.S. food expenditures.

"Cattle producers need more than a few months of favorable prices just to regain the losses of the past few years. An extended period of higher prices will be required to get them to step up beef production sharply," Nix said.

It will be three years or longer before increased beef supplies show up at the supermarket. Retail prices, therefore, are unlikely to return to the relatively low levels of the past few years.

However, if beef prices get too far out of line, cattlemen may lose customers to such competing meats as pork and broilers.

"If consumers turn more toward meats other than beef, that will moderate beef prices despite smaller supplies," Nix said.

Dry ice does not melt but changes from a solid directly to a gas. The process is called sublimation.