

South Dakota State University
**Open PRAIRIE: Open Public Research Access Institutional
Repository and Information Exchange**

Bulletins

South Dakota State University Agricultural
Experiment Station

12-1-1955

A Market News Service for Livestock Auctions in South Dakota

O. Nervik

G. E. Marousek

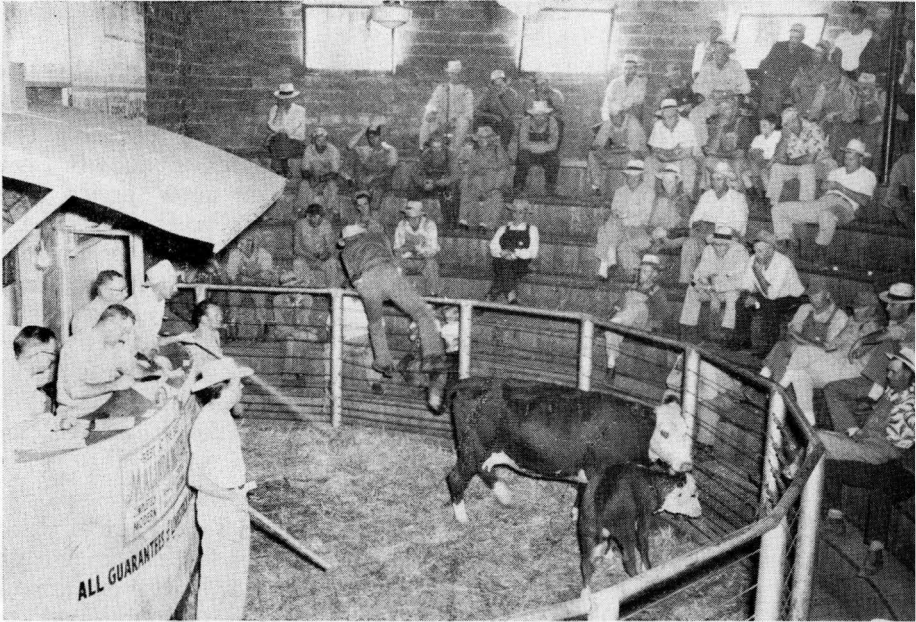
R. L. Kristjanson

Follow this and additional works at: http://openprairie.sdstate.edu/agexperimentsta_bulletins

Recommended Citation

Nervik, O.; Marousek, G. E.; and Kristjanson, R. L., "A Market News Service for Livestock Auctions in South Dakota" (1955).
Bulletins. Paper 454.
http://openprairie.sdstate.edu/agexperimentsta_bulletins/454

This Bulletin is brought to you for free and open access by the South Dakota State University Agricultural Experiment Station at Open PRAIRIE: Open Public Research Access Institutional Repository and Information Exchange. It has been accepted for inclusion in Bulletins by an authorized administrator of Open PRAIRIE: Open Public Research Access Institutional Repository and Information Exchange. For more information, please contact michael.biondo@sdstate.edu.



a market news service

FOR LIVESTOCK AUCTIONS IN SOUTH DAKOTA

**AGRICULTURAL ECONOMICS DEPARTMENT
AGRICULTURAL EXPERIMENT STATION
SOUTH DAKOTA STATE COLLEGE + BROOKINGS**

Summary and Conclusions

The livestock industry is the largest immediate source of cash farm income in South Dakota. Auctions are an important market for the state's livestock when one considers the number of animals sold by them or the proportion of farmers and ranchers who sell or buy livestock at auctions.

The number of livestock sold through auctions has been increasing steadily through the years. The increase from 1938 to 1954 was 317 percent. Livestock producers and feeders place enough importance in market news reports to warrant establishing an auction market news service in South Dakota. Auction market news is reported by the federal government and state governments in several states.

News Service Requirements

An auction market news service should be operated by an impartial agency, such as the State Department of Agriculture. Reporting 8 to 12 of the larger auction markets may afford a representative coverage of all auctions in the state.

Because of the importance of feeder livestock to South Dakota agriculture, it is logical that the service be initially used to report prices of stocker and feeder classes of cattle and sheep. After it is established, auction trading in slaughter classes of cattle, sheep, and hogs might be reported also.

Reporters. Use of trained reporters gives the best assurance of ob-

taining accurate market information. Selecting and training these reporters is probably one of the most difficult jobs in organizing a market news service. The market news reporter must be well acquainted with the livestock industry and must be trained to distinguish fairly and accurately between different grades of livestock. Unless the reporters gain the reputation of being fair and accurate, the resulting market news will have little value.

Reports. The reports issued should record prices paid for animals on the basis of age, grade, sex, and weight. It is desirable, especially in a printed report, that each market covered be reported individually by name. The reports are best limited to the dissemination of factual, up-to-date market information with comments on range conditions, which affect the market. Market forecasts and outlook information can probably be supplied to farmers more adequately through means other than a market report.

Dissemination. An auction market news report can be disseminated through radio broadcasts, daily and weekly newspapers, mimeographed mailed reports, and bulletin boards in such places as county agents' offices.

The cost of operating an auction market news service in South Dakota would be approximately \$15,000 to \$24,000 a year, depending upon the number of auctions

reported and the number and frequency of issuing mailed reports.

Financing. The service might be financed through a federal-state cooperative agreement, by state appropriated funds, or by use of a self-financing plan such as a subscription rate for the report or an assessment on livestock sold through auctions.

A self-financing plan would encounter administrative and legal difficulties that render this alternative impractical. Any self-financing plan would also encounter difficulties in keeping a reputation of objectivity for the market report.

A market news service supported by federal and state funds would be the most desirable in that market news reporting is generally considered a public function and the objectivity of the report could more easily be maintained.

Value of Market Reports

Most farmers and ranchers interviewed believed that auction market news reports would be of value to them as a means of comparing auctions with other marketing alternatives when buying or selling livestock. Most farmers wished to see the service continued and a majority of them preferred to receive the report through the mail.

Almost all livestock dealers and auction operators interviewed were favorably inclined toward continuing the operation of an auction market news service.

Auction market reports provide a means of comparing prices paid by various marketing alternatives and give the producer an increased knowledge of what his livestock is worth. This puts the farmer and rancher in a better position to decide where and when to sell his livestock to obtain favorable prices. Livestock buyers will be better informed as to what market will best supply the animals they desire. More orderly marketing and more competition between buyers and between markets can be expected to result in greater equalization between supply and effective demand.

Auction market news reports could be used to acquaint buyers and feeders from other areas with South Dakota livestock.

Timely auction market information supplied by an impartial agency can be expected to make sellers, buyers, and market agencies more alert. This will result in more competitive practices being carried on between individual auction markets as well as between auctions as a group and other types of livestock markets.

Contents

Summary and Conclusions	2
News Service Requirements.....	2
Value of Market Reports	3
Introduction	5
Need for the Study.....	6
Objectives of Study.....	7
Conducting the Study.....	7
Operating the Market News Service	8
Methods of Reporting.....	9
Content of Report.....	9
Distributing the Report.....	10
Other Possible Schedules.....	10
Frequency of Report.....	11
Auction News Service Operating Costs	12
Cost of Operating.....	12
Methods of Financing.....	12
Evaluation by Farmers and Ranchers	15
Terminal Market News Reports.....	15
Auction Market News Reports.....	15
Auction Market News Service Benefits	17
Knowledge of Quality and Value of Livestock.....	17
Promotional Effect.....	18
Market News Development by Others	19
USDA Federal Market News Service.....	19
Auction Market News Services	20
References	22

A MARKET NEWS SERVICE

for Livestock Auctions in South Dakota

OTTAR NERVIK, GERALD E. MAROUSEK, and R. L. KRISTJANSON¹

Introduction

Auction sales are an important marketing medium for livestock in this country. This is an old method of marketing. Selling livestock through auctions was probably adapted from Great Britain and was first used in this country in the early 1800's.

These first sales were used mainly to dispose of imported and domestic breeding stock. The first regularly scheduled livestock auction sale with publicly consigned merchandise was established at Union, Iowa in 1904.

From this beginning, the number of livestock auctions increased, especially after 1930. The increase was particularly rapid in the 12 western states—about 8 auctions were in operation in 1925, 119 in 1937, and 456 in 1949.

The volume of business handled by these western auctions totaled \$847 million in 1948. Some individual auctions had annual sales of over \$20 million, but the average of all sales for 1948 was nearly \$2 million. The average gross value for each daily sale held was \$34,400 for all auctions in the west.

In South Dakota the number of livestock auctions and volume of livestock marketed through them have similarly increased over the past years. The number of cattle sold by South Dakota livestock auction agencies from 1938 to 1954 shows an increase in volume of 317 percent (see figure 1).

The importance of auctions in marketing South Dakota livestock is indicated by the proportion of total livestock marketed through them. Thirty-four percent of all cattle, 12 percent of all sheep and lambs, and 20 percent of all hogs marketed in the state were sold through auctions in 1950.

For certain classes the proportion was much greater. Forty-four percent of the stocker and feeder cattle and calves sold moved through auctions; in the northeast area 52 percent were marketed through auc-

¹Associate Economist, Graduate Assistant, and Assistant Economist, respectively, South Dakota Agricultural Experiment Station.

Acknowledgement is made to Ed Dailey, Assistant Extension Marketing Specialist, and the State Department of Agriculture for their help with this study.

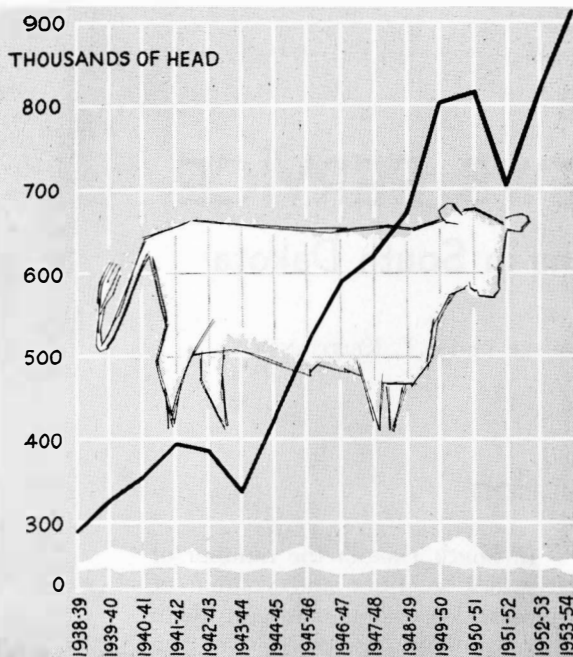


Figure 1. Number of cattle sold annually by South Dakota livestock auction agencies, 1938 to 1954.

Source: South Dakota Livestock Sanitary Board, Pierre, South Dakota

tions. Seventeen percent of the sheep and lambs sold as feeders in the state were marketed through auctions, with 37 percent sold in this way in the East River area (see figure 2).

South Dakota farmers and ranchers purchased many of their feeder cattle through livestock auctions. Fifty-six percent of the feeders bought were obtained through auctions in 1950. Of those purchased in the West River area, 70 percent were obtained through auctions. In two northern areas 90 percent or more were acquired in this way. Even in the southeast areas of the state, near the Sioux Falls and Sioux City public markets, 45 percent or more of the feeder cattle bought by farmers and

ranchers were purchased through livestock auctions.

Need for the Study

Livestock is the immediate source of nearly two-thirds of the cash farm income in South Dakota. Sale of cattle and calves accounts for one-fourth of the state's farm income, and 58 percent of the cattle sold are marketed as stockers and feeders.

Market information on agricultural commodities bought and sold is important for the successful farmer and rancher. In South Dakota, livestock and grain market information is most important.

The only market news information available on livestock auction sales in South Dakota is through radio broadcasts, newspaper accounts, and mailed cards sponsored and financed by the auction agencies. This information is of only limited value because quality and condition of the livestock is not always given. Unless the reader personally knows the herd or flock from which the described animals came, he cannot place a value on his stock from the information given.

Considering the importance of livestock in South Dakota agriculture, the numbers of livestock sold through auctions in South Dakota, and the importance placed on livestock market news by farmers and ranchers, it would seem desirable that market news coverage of the principal livestock auctions be provided in South Dakota by an impartial agency. To be of use to producers, the reports issued must be made available to them.

Table 1. Market Outlets by Classes of Cattle Sold in South Dakota, 1950

MARKET OUTLET	FAT CATTLE (%)	STOCKERS AND FEEDERS (%)	BREEDING STOCK (%)	ALL SALES (%)
Terminal public markets	53	24	5	33
Auctions	16	44	38	34
Dealers, local markets, and shipping assn's. ...	9	24	12	18
Packers	22			8
Farmers and ranchers		8	45	7
Total	100	100	100	100

Market news reports of auction sales should provide information that will enable the farmer and rancher to compare auction prices accurately. He should be able to compare any class of livestock with prices offered by other marketing alternatives. The report should also give the information necessary for him to estimate the value of his livestock within reasonable limits.

Objectives of Study

One objective of this study was to see if it would be practical to operate a market news service for livestock auctions in South Dakota. Another was to determine the best

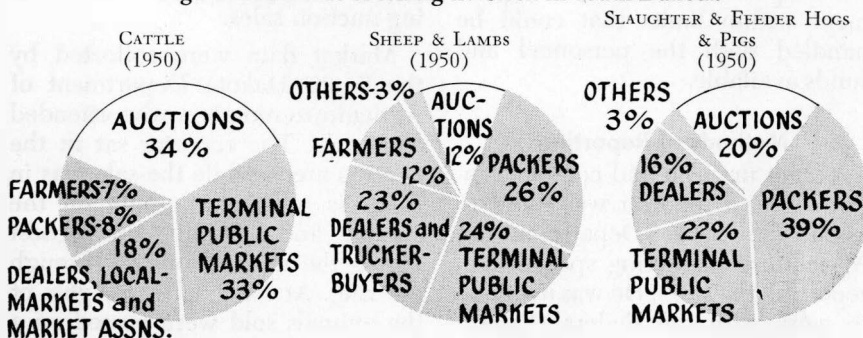
method of gathering and disseminating this information. A third objective was to determine the cost of operating the service for various degrees of market coverage and various circulation levels.

Different proposals of financing such a program were examined to determine the feasibility of each method. Finally, this study examined some of the possible benefits to farmers and ranchers.

Conducting the Study

An auction market news service was operated in South Dakota on an experimental basis. The South Dakota Department of Agriculture

Figure 2. Methods of selling livestock in South Dakota.



Source: *South Dakota Livestock, 1867-1952*, South Dakota Crop and Livestock Reporting Service, Sioux Falls, South Dakota, 1953, pp. 14, 32, and 44.

reported the sale of stocker and feeder cattle and calves each week at from 7 to 10 of the larger auctions during the fall and winter of 1953-54.

A market news reporter attended each sale reported, recording price and grade as the animals passed through the ring. He noted total receipts for the sale, buyer strength, trends, and other information.

Each Friday evening the two reporters met to compile the weekly auction report. An over-all summary of the week's sales was filed with the news agencies on Saturday morning. This report appeared in daily newspapers and was broadcast over radio stations. A more detailed report, showing prices and conditions for each sale, was mimeographed and sent to persons on a mailing list.

The cost of operating a service was calculated on the basis of the results of the experiment. Various combinations as to the number of sales reported and the methods used to disseminate the report gave several alternate cost figures.

At the end of the reporting season a survey of farmers and ranchers was made concerning their knowledge of and interest in the auction market news service. Two hundred and fifty were chosen at random from six geographical areas of the state. Auction operators, livestock dealers, and feeders were also interviewed to determine their evaluation of the service. Letters received commenting on the reports and the action taken by farm groups were used to help determine the benefits that could be expected from auction reports.

Operating the Market News Service

Reporting auction market news in South Dakota was begun in October 1953. Only stocker and feeder classes at selected larger auctions were reported to confine the experiment within limits that could be handled with the personnel and funds available.

Methods of Reporting

To get uniform and complete information, a reporter was hired to assist the State Department of Agriculture marketing specialist in reporting the sales. He was assigned to work with the Federal Market News reporters at the Billings, Montana and Sioux City, Iowa cen-

tral public markets for several weeks. Here he became acquainted with the U. S. Department of Agriculture livestock grades and techniques of reporting before reporting auction sales.

Market data were collected by the South Dakota Department of Agriculture reporters who attended each sale. The reporter sat in the auction arena while the sale was in progress, placing a grade on the animals and recording the highest bid as the animals passed through the ring. At some sales, weights of the animals sold were posted on a blackboard or an electrically operated board, making it a simple

matter to check them. At other sales, scale tickets were examined at intervals to check weights.

Informal conversation with consignors, buyers, and auction personnel gave the reporter information on range conditions. The total estimated receipts for the sale were furnished by the auction business office.

The reporters covered the same sales each week, traveling between markets by automobile. One reporter, covering the western auctions, reported sales at Rapid City on Tuesday, Sturgis on Wednesday, Belle Fourche or Philip (alternately) on Thursday, and Ft. Pierre or Winner (alternately) on Friday (see table 2).

Another reporter gathered information on sales in eastern South Dakota. His schedule included Kimball on Tuesday, Miller on Wednesday, Mobridge on Thursday, and Ft. Pierre on Friday. By reporting the auction at Ft. Pierre together the two reporters had an opportunity to compare their grading and prepare weekly reports.

In addition to the auctions covered by the South Dakota Department of Agriculture reporters, the sale at Watertown held on Friday

was attended by an Extension Service employee from Brookings. He phoned a report into Pierre each Friday evening.

Content of Report

A report prepared for newspaper and radio use contained a combined summary of all the auctions covered the previous week. A mimeographed mailed sheet gave an individual report of each sale. In both reports animals were classified as heifer calves, steer calves, yearling heifers, yearling steers, 2-year-old steers, replacement cows, slaughter cows, and slaughter bulls.

Grades used were official U. S. Department of Agriculture live animal grades for stocker and feeder classes and slaughter cows and bulls. Replacement cow prices were given on a per head basis, as customary for sales in this class. Prices on all other classes were on a weight basis.

The newspaper-radio report contained a brief commentary on the over-all auction market, including strength of the market and prices compared to the previous week. It then listed the price range and the price of the bulk of the sales for each class and grade sold at the

Table 2. Schedule Used by Auction Reporters

	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY
West River Reporter (Pierre)				
Even weeks.....	Rapid City	Sturgis	Belle Fourche	Ft. Pierre
Odd weeks.....	Rapid City	Sturgis	Philip	Winner
East River Reporter (Pierre)				
Each week.....	Kimball	Miller	Mobridge	Ft. Pierre
Extension Service Reporter (Brookings)				
Each week.....				Watertown

auctions covered. Locations of the sales reported were not given. The report was limited to 200 words.

The mailed report recorded in tabular form the price range by classes and grades at each sale reported. Representative sales were often reported. Over-all quality of the cattle on the market was noted. Following that, a summary of each sale noted the date of the sale; estimated receipts; weather, road, and range conditions for the area; activity on the market; and the trends of the particular sale.

Distributing the Report

The press-radio report was made available to the daily newspapers and the radio stations of the state. The mimeographed report was sent to individuals on a mailing list.

When the method of reporting had been well established, contacts were made with representatives of the news agencies and radio stations. Both were interested in receiving auction news reports provided they were briefly and correctly written. Such a report was subsequently filed each Saturday morning with the Associated Press and United Press offices in Pierre.

A spot check of eight South Dakota daily newspapers in January 1954 showed that seven of them were printing all or part of the press-radio report. Reports were printed on the market page or back page of the Saturday, Sunday, or Monday edition of the paper.

Several radio stations broadcast the report on regularly scheduled Saturday or Monday market news programs.

The mimeographed report was prepared Friday evening and placed in the mail by Saturday noon. The mailing list for this report was initially made up of auction operators, county agents, and live-stock feeders and dealers known by those working with the project.

Within a short time county agents began to send names of stock-growers and feeders in their counties who were interested in receiving the report. As more people became acquainted with the auction news reports, requests for the mailed report increased.

By the end of the reporting season reports were being mailed weekly to nearly 900 South Dakota producers, feeders, and livestock dealers as well as to interested persons in 16 other states. Many feeders in Iowa and Minnesota requested the report. The State Department of Agriculture was able to supply only a fraction of the more than 3,000 requests due to lack of personnel and equipment.

Other Possible Schedules

There are several other auctions in South Dakota of sufficient importance to warrant coverage by an auction news service. Because of their location and/or the day on which their sale is held, it was difficult to include them in a reporting schedule.

Among these are two auctions at Yankton, one having a sale on Saturday and the other on Monday, and the Canton auction sale held on Wednesday. Both of these towns are located in the southeastern section of the state.

An auction at Herreid, having a Friday sale, and two Aberdeen auctions with sales on Wednesday and Saturday, are important hog markets. Herreid and Aberdeen are in the north-central area of eastern South Dakota. In the Black Hills area, a Monday auction at Newell is an important sheep and lamb market.

A schedule (see table 3) that would enable the reporting of more markets would involve having one reporter live in Rapid City. He would report sales at Newell on Monday, Rapid City and Belle Fourche on alternate Tuesdays, Sturgis on Wednesday, a second sale at Belle Fourche and one at Philip on alternate Thursdays, and Ft. Pierre and Winner on alternate Fridays. This reporter would be required to travel 500 to 700 miles each week.

Another reporter stationed at Pierre would cover sales at Yankton on alternate Mondays, Kimball on Tuesday, Miller on Wednesday, Mobridge on Thursday, Herreid on alternate Fridays, and Yankton on

alternate Saturdays. He might also report the Saturday sale at Aberdeen occasionally. From 500 to 1,000 miles of travel each week would be required of this reporter.

A part-time reporter stationed at Brookings might report the Canton auction on Wednesday and the Watertown auction on Friday, traveling 275 miles weekly. Other auctions could be used.

The proposed schedule could be used either as it is now set up or in a modified form. The extent to which it would be used would depend on the funds available to operate the service.

Frequency of Report

The frequency with which an auction market news report is issued depends primarily upon how many sales are reported each week. Since only a few auctions have more than one sale day each week, a weekly report would reach most readers and listeners before the following week's sale.

Experience showed, however, that not more than eight or nine

Table 3. Proposed Schedule for Auction Reporters

	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
West River Reporter (Rapid City)						
Even weeks	Newell	Rapid City	Sturgis	Belle Fourche	Ft. Pierre	
Odd weeks	Newell	Belle Fourche	Sturgis	Philip	Winner	
East River Reporter (Pierre)						
Even weeks		Kimball	Miller	Mobridge		Yankton
Odd weeks	Yankton	Kimball	Miller	Mobridge	Herreid	Aberdeen*
Extension Service Reporter (Brookings)						
Each week			Canton		Watertown	

*Reported only occasionally.

sales can be reported adequately on a single sheet mailed report. If more are reported, a semiweekly report is required.

Semiweekly reports could be issued on Wednesday and Saturday

evenings, covering in each case the sales reported that day and the two previous days. The frequency of issuing reports, like the number of auctions reported, would also depend on the funds available.

Auction News Service Operating Costs

Cost of Operating

The actual expenditures for operating the experimental auction market news service for the 1953-54 season were \$10,313.32 (see table 4).

Expenses involved for running a market news service on a continuing basis would probably be higher. The \$10,313.32 allows only 3 cents a mile for travel, whereas 6½ cents a mile would be necessary for a news service on a permanent basis.

Other factors that contributed toward a lower cost on the experimental news service were that the experiment covered 26 weeks while it should be run 35 weeks. Also the mimeographed report was not issued the first several weeks of operation, and the volume of reports mailed increased throughout the season.

Two estimates were made of what the cost would be to run a permanent market news service. Results are given in table 5. The minimum cost estimate (\$14,223.50) is based on the assumption that the same auctions would be covered as in the experiment. The maximum cost estimate involves reporting nine East River auctions and four West River auctions.²

Methods of Financing

There are at least three alternative methods of financing an auction market news service.

Subscription fee. Several farmers and ranchers interviewed suggested that a subscription rate of \$1 or \$2 a year be charged for the mailed report. If the interest in receiving the report would remain as great when a subscription was charged as it was during the unpublicized experimental operation, such a plan could make a substantial contribution toward financing the service. It would also limit the mailing list to the names of those persons who showed a definite interest in receiving the report.

However, a subscription rate could hardly pay the full cost of the service. If \$2 a year were charged for the report, 7,000 to 11,500 reports would have to be mailed to cover the cost of operating the service. It is unlikely that such an exten-

²The costs of collecting market information are on the basis of 6½ cents per mile for the mileage traveled, \$2.50 per day for meals, and \$3 a night for lodging. Reporters' salaries are estimated at \$4,000 a year, office help is estimated at \$7 a day. Estimates for postal charges on the mailed report, paper for the report, and other supplies are based on current prices.

Table 4. Estimated Costs of Operating an Auction Market News Service in South Dakota

Minimum Cost	
Cost of reporting nine auctions each week	\$ 3,465.00
Salaries of two market reporters	8,000.00
Cost of disseminating 5,000 mailed reports once a week	2,758.50
Total	\$14,223.50
Maximum Cost	
Cost of reporting thirteen auctions each week	5,740.00
Salaries of two market reporters	8,000.00
Cost of disseminating 10,000 mailed reports twice a week ..	9,454.00
Total	\$23,194.00

sive subscription list could be obtained without a considerable cost in time, effort, and advertising on the part of whoever publishes the report.

Advertising space might be sold to supplement the income from a subscription. A market news report on livestock auctions should be a desirable medium for advertising products used primarily by livestock producers. However, advertising would tend to reflect on the objectivity of the report. Producers would probably be less confident of the accuracy of a report that was supported by advertising than one published and authorized by a public, unbiased government agency.

Assessments. An assessment of 1 cent a head on all cattle sold

through auctions was proposed as a means of financing an auction market news service. This plan was suggested by the marketing committee of the South Dakota Stock-growers Association at its annual convention in Hot Springs, South Dakota in June 1954.

The funds were to be collected by the auction companies and placed with the State Department of Agriculture for use in auction market reporting. On the basis of the number of cattle sold through auctions in the state annually the past several years, this plan would provide from \$5,000 to \$8,000 a year.

This plan would encounter two difficulties. First, the federal government has no authority to allow

Table 5. Cost of Operating the Experimental Livestock Auction Market News Service, 1953-54*

Travel expenses	\$ 1,734.24
Salaries†	7,813.66
Postage, phone calls, etc.	511.05
Supplies	254.37
Total	\$10,313.32

*Data from South Dakota Department of Agriculture, Pierre, South Dakota.

†Eighty percent of annual salary of Assistant Secretary of Agriculture in Charge of Marketing, plus salary of livestock auction market reporter and 50 percent of salaries of secretaries in the Department of Agriculture Marketing Division.



Livestock auctions are an important marketing medium. More than one-third of all cattle marketed in the state were sold through auctions in 1950.

funds to be collected in this manner. Second, any funds collected by a state agency must be placed in the general fund and then a legislative appropriation is required before these funds can be used by the collecting agency. For this reason the funds collected through the use of this plan could not be used directly for auction news reporting.

Appropriations. The third alternative method of financing a market news service is through direct state legislative appropriations. The federal government has indicated

that funds are available on a matching basis for auction market reporting. On this basis the cost to the State Department of Agriculture would be from \$7,000 to \$11,500 depending on the extent of coverage, frequency of mailing, and circulation of the report.

This plan would seem to be the most advantageous. Market news reporting is generally considered to be a public function. The Congress of the United States first recognized this in 1913 when it established the Office of Markets. Since 1918 terminal markets have been reported.

If the federal government supports an auction market news service, it is merely recognizing that auctions are becoming an increasingly important method of marketing livestock. This would also show that it recognizes that reports on auction markets are necessary if market prices for livestock are to be accurately and adequately reported.

For a market news service to be effective, livestock buyers and sellers must have confidence in the accuracy of the report.

Evaluation by Farmers and Ranchers

A survey of 250 South Dakota farmers and ranchers was made in the spring of 1954 to determine their opinion of market news reports. Almost all farmers and ranchers interviewed received terminal market news over the radio. Other large groups followed the terminal markets through daily newspapers and commission firm reports. Weekly newspapers and other media, including television programs, brought terminal market news to some South Dakota farmers and ranchers.

More than one-fourth of all operators listened to radio reports of auction market news sponsored by the auction agencies. Smaller numbers read auction reports sponsored by the auction agencies in daily and weekly newspapers.

Twenty percent of the operators were acquainted with the State Department of Agriculture auction reports by the spring of 1954. Most farmers and ranchers had become acquainted with the report through a daily newspaper. Others had learned of it through conversation with a neighbor or a livestock dealer.

Terminal Market News Reports

In evaluating terminal market news reports, 67 percent of the farmers and ranchers said that the terminal market news reports presently received were satisfactory for planning their livestock sales. Twenty-nine percent did not believe the present reports were ade-

quate, and 4 percent had no opinion.

Most often expressed criticisms and suggestions for improvements of terminal market reports, in order of the frequency mentioned, were: (1) too much emphasis on top prices with no information on the lower or average grades; (2) livestock should be divided into more classes and more information on weights should be given; (3) future trends of the market should be included in the reports.

The State Department of Agriculture auction reports had not been issued over a long enough period for farmers and ranchers to determine if they supplied adequate information for planning livestock sales. Several livestock dealers commented that the principle of the service was good.

Auction Market News Reports

Three out of ten of the farmers and ranchers included in the survey said they bought livestock through auction sales. Eight out of ten sold livestock through auctions. Three-fourths of those selling through auctions sold all classes of livestock; the remainder sold only certain classes such as breeding stock or cull animals.

Of the 250 farmers and ranchers interviewed, 229 sold livestock. Eighty-seven percent of those who sold livestock said auction market reports would help them compare auctions with various other marketing alternatives when selling their

livestock. Nine percent did not believe the reports would be of value as a comparison, and 4 percent had no opinion on the subject.

Thirty-eight of the 250 interviewed purchased livestock as a regular practice. Nearly 90 percent of those buying livestock thought the reports would be an aid in comparing prices before making a purchase. Slightly over 10 percent believed the report would not help.

Type of report. The type of report most preferred was a tabular listing of prices plus a commentary on each sale, a report similar to the mimeographed mailed report. Over 56 percent of the persons interviewed preferred such a report. Slightly more than 14 percent liked best the tabular report only; 10 percent preferred the commentary only. The area type of report issued for newspaper and radio dissemination was liked best by 8 percent. The remaining 11 percent had no opinion on the type preferred.

Many farmers in eastern South Dakota would like to have auction trading in slaughter cattle classes and hogs reported. In western South Dakota many ranchers were interested in the lamb and sheep market at auctions. More than one-half of all those interviewed expressed a desire to have slaughter cattle and hogs reported; 44 percent wanted the auction slaughter lamb market reported.

Sales to be reported. The majority of farmers and ranchers believed that the 8 or 10 sales reported would be representative enough that no more need be reported. Sixty-two percent considered it un-

necessary to have any more auctions reported; 27 percent wanted more sales reported; the remainder had no opinion.

Many of those who wanted more auctions reported would like to have a report of their local auction. This was particularly true of farmers in the eastern and central sections of the state.

Ranchers near the borders of adjoining states in the western part of South Dakota would like to have nearby auctions in North Dakota, Nebraska, and Wyoming reported. A livestock dealer said that a regional report, covering feeder cattle sales in several western states, would be of value to him.

Future trends wanted. The comment most often made regarding any additional information desired in auction market reports was that future price and demand trends be included in the reports. While many farmers desire such outlook information, there is a question as to whether or not it should be included in a market report. The purposes of both price reporting and trend forecasts may be better served by keeping them separate functions. Market reports may best disseminate only factual data, with outlook information provided as an additional service by another agency.

The second most often expressed comment concerning additional information desired in the report was that the sheep and lamb market be reported during the marketing season. The requests for this information came from ranchers in western South Dakota.

More complete information on

range condition was desired by those interviewed. An accurate and precise knowledge of range condition gives the seller and buyer of feeder livestock an insight as to the time and rate that the animals will be offered for sale. He will then be in a better position to forecast the demand for, and supply of, livestock on the market.

Distributing the reports. Sixty-two percent of the farmers and ranchers in the sample wanted to get the report through the mail. Twenty percent preferred to listen to a radio broadcast of the report. A report in the daily newspapers was liked best by 18 percent.

The comments received confirm that market news is disseminated faster by radio than by any other medium, especially in the western part of the state. Radio also reaches

more people, but a radio broadcast is often missed if the farmer is not near the house.

A mailed report is useful as a source of reference. Mail service is uncertain and slow in certain western areas of the state. The newspaper report has the same advantage as a mailed report in that it may be used for reference. It also has the disadvantage of the radio report in that it is a general report and does not give information on any specific market.

A radio and newspaper report that lists prices for each auction reported, similar to the mimeographed report, might overcome the disadvantages of the radio and newspaper reports that were issued. The report must be kept brief enough, however, to be acceptable to the news agencies.

Auction Market News Service Benefits

An auction market news service can be expected to benefit farmers and ranchers in several ways. Auction market news reports will serve as a means of comparing prices paid at various markets.

Price comparisons and a knowledge of the quality and value of his animals can increase the bargaining power of the farmer and rancher when marketing his livestock. The reports may help the producer recognize the quality and value of his livestock. Thus the producer will be in a position to make more intelligent marketing decisions and more competition between markets can be expected.

An auction news service may also benefit farmers and ranchers in the state by promoting interest in South Dakota livestock in other areas.

A comparison of prices offered at various markets aids the farmer and rancher in deciding where to market his livestock. A report of prices received at auctions, recorded on the basis of federal livestock grades and classes, enables an accurate comparison with prices received at other markets reported on the same basis.

Knowledge of Market Grades and Value of Livestock

Auction market news reports extend the use of standard livestock

grades and market terms to the local market where producers have an opportunity to observe the animals described. By attending the auction sale and seeing animals described in a market report, the farmer or rancher can familiarize himself with market grades and terminology. In this way he is in a better position to judge the quality of his own livestock as well as to use other market reports more intelligently.

Many farmers and ranchers in South Dakota are not familiar with official livestock market grades and cannot determine the value of their livestock from market news reports. This question was asked—"Are you familiar with the official grades used in market reporting, such as Choice, Good, Medium, Common?" Only 37 percent of the 250 producers interviewed stated that they were, 34 percent said they were not, and 29 percent gave qualified answers.

Similar results were obtained when this question was asked: "Are you able to estimate closely the value of your cattle from the information given in (present) market news reports?" Forty-three percent of the farmers and ranchers said they were able to use market news reports to estimate the value of their cattle. The remainder gave negative or qualified answers.

Seven out of ten operators interviewed expressed an interest in

grading demonstrations that show the various grades of livestock. This suggests the possibility of an educational program to help make market reports of more value to farmers and ranchers.

Promotional Effect

Persons interviewed were asked: "Do you believe a report of this type will have any influence in bringing out-of-state buyers into South Dakota?" Seventy-three percent of all farmers and ranchers in the survey answered "yes," 7 percent said "no," and 20 percent had no opinion.

The proposal of the marketing committee of the South Dakota Stockgrowers Association to assess cattle sold through auctions to finance an auction market news service shows the importance this group places on auction market news as an advertising and promotional medium.

Although the auction reporting was not widely publicized, the State Department of Agriculture received many requests for the report from livestock feeders and buyers in surrounding states. Of the 896 reports mailed each week, 225 or 25 percent were sent out of South Dakota, principally to feeders and buyers in Minnesota, Iowa, and Illinois. This indicates that an auction market news service may help increase the demand for South Dakota feeder cattle in other areas.

Market News Developed by Others

Price reports on livestock provisions, such as beef, pork, bacon, and lard were issued long before live animal prices were reported. It is not known when provision prices were first printed in newspapers in this country; it is known that such reports were available more than 200 years ago. The first report on record of live cattle prices appeared in the *American Farmer*, a weekly farm paper published in Baltimore in 1823.

The earliest reports gave price quotations only, but trade comments concerning quality, receipts, and price outlook soon became a part of the reports. Newspaper reporters probably obtained their information from traders; often reports were printed from other papers also.

USDA Federal Market News Service

Demands for the federal government to enter the field of market news gathering and dissemination resulted in Congress establishing the Office of Markets in 1913. The first federal market news reports issued were on strawberries at Hammond, Louisiana in 1915.

Reports on livestock shipments and receipts were secured monthly from 58 stockyard companies the following year. Market news offices were established in several cities and livestock market conditions and prices were reported by federal market news reporters in 1918 from Chicago, Kansas City, Omaha, and East St. Louis.

From this beginning the Federal Market News Service of the U. S. Department of Agriculture was expanded to include 31 offices reporting terminal public markets and 4 reporting direct marketing areas in 1949. Several offices have been added to the system since.

Direct sales. Although the Federal Market News Service was started to report terminal market news, the increase in direct marketing has resulted in increasing emphasis being placed on direct sales coverage. The first reporting of direct marketing was that of interior hog sales to packers in Iowa and Southern Minnesota. These reports have been collected and distributed from Des Moines, Iowa since 1929.

Market information on the direct sales of cattle and lambs in the intermountain and northwest areas of the country has been reported since 1931 by roving reporters who work out of Ogden, Utah. This information is released from the San Francisco office in a weekly review.

A federal-state cooperative agreement was set up in 1938 to collect and distribute information on the direct sale of cattle and hogs in the southeastern states. Market news on direct sales, including auctions, for an area in Georgia, Alabama, and Florida is issued from an office in Thomasville, Georgia.

Reporting the markets. The federal market news offices are connected by a leased wire telegraph service to help exchange and spread

market information. The 9,200-mile leased wire system served 77 offices in 60 cities in 1949. More than 1,200 of the 1,800 daily newspapers of the country carry federal market news and 1,200 radio stations regularly broadcast market news information.

Over 28 million copies of mailed reports are annually sent to people who request them. About one-half of these mimeographed reports go to farmers; the remainder is used by publishers of farm papers and magazines and other businessmen who consider livestock prices in their business. Reports on receipts, average prices, and other market statistics are issued at weekly, monthly, or yearly intervals.

Financing. The Federal Market News Service was at first financed by the federal government. Later cooperative agreements were entered into with several states creating the Federal-State Market News Service at certain markets within the individual states. Thirty-seven states were included in such agreements in 1949. It was estimated that states were contributing the equivalent of about 15 percent of the federal appropriations for service performed under cooperative agreements in 1950.

Auction Market News Services

Auction market news is collected and disseminated by the Federal Market News Service, by federal-state market news services under cooperative agreements, and by individual states. The Billings, Montana federal market reporter covers both the public stockyards and the auction market in that city. Infor-

mation collected at these markets is combined into a single report that is sent over leased telegraph wire and mimeographed for mailing.

Federal-state agreements. In Texas a cooperative agreement provides for the reporting of the Amarillo auction sale. Texas and the federal government each pay one-half of the expenses. The state provides an office secretary, equipment, and supplies, and the federal government provides the reporter. This auction has been reported since April 1954. Reports are disseminated by lease wire, local newspapers and radio stations, and a bulletin board.

Several other states report auction sales under federal-state cooperative agreements. Florida, Kentucky, and Louisiana operate auction market news services with the federal government contributing funds and/or disseminating the market information.

Florida began auction market news reporting in 1930. At present three regular reporters plus several part-time men are reporting 15 weekly auctions. The reports are sent by wire to the Federal Market News Office in Thomasville, Georgia where they are compiled and disseminated. Florida pays the salaries of the three regular reporters and the expenses and per diem of the part-time reporters.

The Kentucky Department of Agriculture reports 26 of the 33 auctions in that state, financed by a federal-state cooperative agreement. Market information is mailed to Frankfort by the bookkeepers from 21 markets and is telephoned

in from 3 auctions. One dollar is paid to the sender or caller for each report received.

A special reporter covers the two large Lexington auctions and phones in the report. Five reports are issued each week; each day's report is composed of the auction market reports received that day plus terminal reports from the large cities surrounding the state. These reports are mimeographed and mailed to persons requesting them.

Louisiana operates an auction market news service somewhat similar to that of Kentucky. It is also financed through federal-state appropriated funds. Various livestock auction operators, under the guidance of a livestock market reporter, fill out market reports the morning following the sale on forms supplied by the State Marketing Commission. The reports are telephoned into the Baton Rouge office where they are compiled and edited before being distributed by mail, tele-

graph, and radio communications.

State funds. Auction reporting in California is financed by state legislative appropriations. The Visalia Farm Bureau Cattle Auction is reported weekly by a state livestock reporter. The report is mimeographed and mailed to persons requesting it; it is also printed in local newspapers and broadcast over radio and television stations.

New York reports prices received at 30 auctions throughout the state. The top price, low price, and the price range for the bulk of the sales in each grade is recorded by the auction operator on a form provided by the state. On the morning following the weekly sale, the report is telephoned into one of the four state offices. The report is then compiled from the information received and sent to newspapers and radio stations in the area in which the auction is located. The reporting is financed by state marketing funds.

References

BOOKS

DOWELL, AUSTIN A. and BJORKA, KNUTE, *Livestock Marketing*, McGraw-Hill, New York, 1941.

SHEPHERD, GEOFFREY S., *Marketing Farm Products*, Iowa State College Press, Ames, Iowa, 1946.

THOMSEN, FREDERICK L., *Agricultural Marketing*, McGraw - Hill, New York, 1951.

Session Laws of the State of South Dakota, Official Edition, Hipple Publishing Company, Pierre, South Dakota, 1953.

BULLETINS AND MISCELLANEOUS PUBLICATIONS

ABEL, HAROLD and BROADBENT, DEE A., *Trade in Western Livestock at Auctions, 1. Development, Relative Importance, and Operations*, Bulletin 352, Utah Agricultural Experiment Station, Logan, Utah, 1952.

Program for Development of the Market News Service of United States Department of Agriculture, United States Department of Agriculture,

Production and Marketing Administration, Washington 25, D. C., January 1950.

South Dakota Livestock, 1867-1952, South Dakota Crop and Livestock Reporting Service, Sioux Falls, South Dakota, 1953.

THESES

DODDS, JOHN PARRY, "Market News Dissemination in Iowa," Unpublished Ph.D. Thesis, Iowa State College, Ames, Iowa, 1951.

MCCORMICK, FRANCIS BURWELL, "An Analysis of the Market News Service for Livestock and Grain in Ohio with Special Reference to the Media of Radio and Daily Newspapers," Unpublished Ph.D. Thesis, Ohio State University, Columbus, Ohio, 1953.

WALTHER, WILBERT H., "An Evaluation of Livestock Market News Services in Texas," Unpublished M.S. Thesis, Agricultural and Mechanical College of Texas, College Station, Texas, 1954.