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Observations on the 1973 Livestock Outlook for South Dakota

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Livestock is of paramount importance to the agricultural economy of South Dakota. Of the total agricultural annual income in recent years, at least 50 percent of it comes from the sale of cattle and calves, between 15 and 20 percent from the sale of hogs, about 7 percent from dairy products, and 3 percent each from sales of sheep and poultry. In total, about 80 percent of our agricultural income comes from sales of livestock products while about 20 percent comes from the cash sales of crops. Much of the feed grains produced are marketed through livestock.

INCOME. 1972 was an especially good livestock year for South Dakota farmers and ranchers. It was a good year, both price-wise and income-wise. Cash receipts from sales of livestock and livestock products may reach the one-billion dollar mark in the state, by far the highest ever, and considerably above the $867 million figure for 1971. An increased volume of cattle sales, plus higher prices throughout the year for hogs, sheep and cattle, made the higher cash income possible.

BEEF CATTLE. Prospects for increased income from beef cattle in 1973 appear favorable at this time. Numbers of all cattle, now over 4-1/2 million head, are at an all-time record high in the state. The 1972 crop of beef calves was four percent higher than in 1971 and reached a figure of almost two million head. Hence, increased marketings of both feeder and slaughter animals can be anticipated during 1973. The larger marketings will most likely be marketed at prices comparable to those of 1972. Demand for beef in the U.S. continues very strong. Consumer disposable incomes in 1973 may be up to 7 to 9 percent above 1972.

With these expectations, prices for choice grade steers should average in the $35-$38 range for at least the first-half of 1973 and possibly throughout the year. Feeder cattle supplies cannot be greatly increased until the 1973 calf crop becomes available; hence, feeder prices will likely continue strong and comparable to the levels of 1972. Even though fed cattle prices should continue favorable in 1973, net profit margins of cattle feeders will be squeezed because of the higher prices of feeder cattle and higher feed prices. It therefore appears that feeding margins will definitely not be as favorable as in the first half of 1972.

HOGS. Hog returns in 1972 were the highest on record for many producers. Prices ranged mostly in the $24 - $26 per cwt. area during the first half and in the $27 - $29 range in the second half of the year. Apparently, such favorable prices will not hold at the latter levels, but will decline, particularly
during the last half of 1973. Recent estimates of hog and pig numbers have indicated that sow farrowings are on the increase again.

No large increase in hog production and marketings is foreseen for the first half of the year, and prices may range in the $28 - $24 area, with a weakening trend during the year. Prices in the last half of 1973 will depend on how much producers expand farrowings this winter and spring. A September hogs and pigs report indicated that South Dakota hog producers were increasing their sow farrowings this winter (Dec.-Feb.) by only 8 percent, as compared with a year earlier. Since producers in this state had reduced 1971-72 farrowings considerably, this current expansion is a very moderate one. Total hog income in the state during 1973 may be almost as high as in 1972.

SHEEP. Although sheep numbers in South Dakota have gradually decreased during recent years (as they have in the nation), the 1972 state lamb crop numbering 879 thousand head was one percent above the 1971 crop and three percent more than the 1970 crop. Sheep were generally profitable for their producers in 1972. Prices for slaughter lambs ran $3 to $4 per cwt. better than during 1971 and wool prices have recently improved noticeably. Prospects are that this improved income situation for sheep and lambs should continue for 1973.

DAIRY. Incomes from dairying should continue favorable in 1973, even though beset by problems of higher feed and labor costs. Total milk production of South Dakota dairy producers will end up about three percent higher than in 1971, in spite of a two percent reduction in the number of milk cows. Production of milk per cow increased by five percent during 1972 to make the larger total production possible. Larger milk marketings and somewhat higher milk prices in prospect point to higher cash receipts in dairying in 1973, perhaps in the three to five percent range. However, rising production costs will limit the gains in net dairy income.

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