

BEEF CATTLE PRICES at Fort Worth, Houston and San Antonio, 1946-50

TEXAS AGRICULTURAL EXPERIMENT STATION

R. D. LEWIS, Director

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THE TEXAS AGRICULTURAL AND MECHANICAL COLLEGE SYSTEM

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Preface

Selecting a market for his livestock is one of the stockman's most important decisions. His expenditure of time and money in raising meat animals can be translated into more dollars of return if he makes a wise selection of the market where his animals are to be sold. Federally supervised and regulated public livestock markets offer one of the major outlets for all types of meat animals.

This bulletin supplies comparative prices per 100 pounds for beef cattle at the three major Texas public livestock markets—Fort Worth, Houston and San Antonio—for the period 1946-50. These price comparisons are made for all grades of livestock in each classification at each market, and for each grade at the three markets.

Transportation costs by rail and truck are included also, so that the producer can evaluate prices in terms of additional costs of shipment to more distant markets.

It is recognized that historical price differences between markets may be eliminated or reversed. The purpose of this publication is to give the livestock producers an analysis of recent price behavior on the three leading central markets of Texas. It is hoped that this presentation will induce more livestock producers to take a keener interest in price quotations on established markets. This should offer a means of marketing livestock at the best prices available.

On the front cover is an air view of the Fort Worth stockyards, looking from north to south. The meat processing plants of Armour and Swift are shown in the left background.

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Beef Cattle Prices at Fort Worth, Houston and San Antonio, 1946-50

JOHN G. McNEELY, Professor

Department of Agricultural Economics and Sociology

A MAJOR SOURCE of cash income for farmers and ranchmen in Texas is from the sale of beef cattle. In 1950, beef cattle brought a cash income of 489 million dollars. These cattle covered a wide range in quality. Methods of marketing were variable as well, including shipments to major public stockyards and to livestock auctions, direct local sales to packers and butchers, and sales to other types of buyers.

The market centers of the livestock industry are the public stockyards which are customarily situated in major cities near the principal livestock producing or feeding areas. These markets maintain facilities on a 24-hour basis to care for livestock arriving by truck and rail. Feed, bedding, and water are provided at the request of the shipper or his agent. Arrangements can be made for weighing, dipping, vaccinating, branding, dehorning and other services.

Public stockyards operate under federal authority established by the Packers and Stockyards Act of 1921. This act is administered through the Packers and Stockyards Division, Livestock Branch, Production and Marketing Administration of the U. S. Department of Agriculture. Provisions of the Packers and Stockyards Act apply to stockyards having 20,000 square feet or more of pen space if the Secretary of Agriculture posts copies in the stockyard of an official notice placing the yard under federal supervision. Not all stockyards having over 20,000 square feet of pen space have been posted because funds have not been available for supervision of additional markets.

Supervision of stockyards has dealt primarily with the regulation of rates and charges. The yards are forbidden by law from taking part in the business of buying or selling livestock but are permitted a fair return on their investment. Rates and charges vary with changes in operating expense, replacement costs and volume of business. Changes in rates and charges are obtained by the stockyards company through the submission of evidence as to the reasonableness of the changes. This evidence is checked by the Department of Agriculture and the proposed changes are approved or disapproved. If approved, all interested parties are notified in advance of the effective date.

The primary source of income to public stockyards is a yardage charge made on a per head basis. This charge is made to cover the use of facilities, handling, weighing and privilege of the market. It is collected on livestock sold through the yards including livestock consigned direct to packers and animals resold in the commission division.

Lesser yardage charges are made for animals resold or reweighed, other than in the commission division, to market agencies or dealers on the market or to packers who maintain a buyer or buyers on the market. Still smaller charges are levied on animals resold or reweighed outside the commission division for shipment off the market.

Livestock not subject to yardage charges are assessed charges for special service and for the use of facilities. These are principally livestock received at the stockyards for delivery or for shipment.

An additional source of revenue for stockyards companies is from the sale of feed and bedding. Prices for these products are subject to review by the Department of Agriculture under provisions of the Packers and Stockyards Act. Prices include the average inventory cost delivered to storage facilities at the stockyards plus an approved margin.

Variable arrangements are made for such services as dipping, spraying, immunization, cattle testing and branding, cleaning, disinfecting, insurance, and the like. In some cases these services are performed by the stockyards and in other cases the services are performed by independent operators under tariffs approved by the Packer and Stockyards Administration.

The major charges assessed against livestock producers in addition to yardage charges are paid to commission firms. The commission firms represent the producer and dispose of his livestock at the best price obtainable by bargaining with interested buyers. Upon arrival at the stockyards, livestock are yarded in pens assigned to the sales agency selected by the producer. The sales agency arranges with the stockyards for feed, water and bedding, if needed, sorts the livestock, and invites bids from buyers. After acceptance of the best bid, the sales agency delivers the livestock to a scale for weighing and

then the stockyards transfer the animals to storage pens assigned to the buyer. The sales agency, on the basis of the scale ticket, receives payment from the buyer, and makes payment to the producer after deducting all prescribed charges. Several minor deductions may be made in addition to charges for yardage, feed and commission. Unless otherwise directed by the shipper or owner, fire insurance charges are collected on each shipment. A charge ranging from 1 cent to \$1.00 is collected to provide funds to carry on the work of the Livestock Traffic Association in railroad and truck rate negotiations with the Railroad Commission of Texas and the Interstate Commerce Commission. If any shipper objects to this deduction the charge is refunded.

The Texas and Southwestern Cattle Raisers Association is authorized to collect 5 cents per head as a brand inspection fee. A deduction of 1 cent per head for cattle and lesser amounts for other livestock is made to carry on the work of the National Livestock and Meat Board in increasing the demand for meat nationally. Any shipper objecting to this deduction also can get a refund.

Most producers have a choice between types of markets and many of them have a further choice between two or more markets of the same type. Texas has three major public stockyards located at Fort Worth, Houston and San Antonio. Prices at these markets vary sufficiently to encourage a considerable amount of speculative trading through the purchase of cattle at one of the markets for resale at others. These price differences are variable from one period to another, but are consistent enough to provide some guidance to producers having a choice of markets. Since cattle prices are quoted in ranges for a particular grade, and since most cattlemen are unable to grade all their animals accurately, it is not possible in each case to evaluate market reports in terms of probable prices for particular animals. It should be possible, however, for producers to choose the market which is likely to pay the highest price at a particular time.

BASIS FOR COMPARISON OF PRICES

Since price relationships among markets were frozen during World War II, data for the war period would be of little use in making price comparisons. Following the war, competition among markets has been resumed. This study covers the calendar years 1946-50. Comparisons are made between different grades of cattle at the same market and between the same grade of cattle at different markets.

Price data were supplied by the Market News Division, Livestock Branch, Production and Marketing Administration, U. S. Department of Agriculture. Market news reporters are stationed at each of the three central markets in Texas. These reporters operate at the stockyards and each morning gather data on market receipts, the

range of prices paid for each grade of livestock and other information which is pertinent in explaining trends in prices or market receipts. The following quotation explains the methods used by the market reporters:

Accuracy in grading and in estimating weights and probable dressing yields of live animals is essential in market news reporting. Individual lots of livestock are sold on personal inspection. They are not graded and labeled before sale, and a guarantee of grade or yield after dressing is seldom included as a part of the sale transaction; yet it is the carcass price (live animal price divided by percentage dress out) that the buyers have constantly in mind. In order to publish market reports that are comparable between markets while they are still timely, price comparisons are made and price trends determined after consideration of estimated yields and carcass grades. Because one to several days sometimes elapse following the sale of live animals before the carcasses are graded and weighed, it would greatly reduce the value of market information to report the market in terms of actual carcass prices even if it were feasible to do so.

Livestock market reporters, to maintain accuracy and uniformity in the application of grade standards, must frequently check their judgment on grade and estimated dress out for live animals with the grades and weights of the dressed carcasses. To measure their judgment, statistical correlations are run between the grades the market reporter assigns to the live animals and the carcass grades of the dressed animals as determined by USDA graders. Specific lots of livestock are graded alive, not only as to what grade they fall into, but as to whether they are in the upper, middle, or lower third of the grade. The identity of the lot is maintained through the slaughtering process, and the official grades, by thirds, of the carcasses are obtained for comparison.¹

It is assumed in this report that coordination of news reporting at the three Texas markets is accomplished with sufficient accuracy to permit direct comparison of prices paid at these markets for specific grades of cattle.

MARKET CHARACTERISTICS AT FORT WORTH

Fort Worth provides the largest central market for livestock in Texas. It ranked tenth in the United States in salable receipts of cattle and fourth in salable receipts of calves on the basis of 1950 data. Receipts by months during the period 1946-50 are shown in Tables 1 and 2. Peak months for cattle were July 1946, July 1947, August 1948, October 1949 and June 1950. For calves, October and November were peak months in all 5 years.

Livestock sold at Fort Worth provides a supply of meat for Fort Worth and part of the Dallas needs. Seasonal surpluses are shipped to other points in and out of the State. Fort Worth consumers prefer light weight animals but not to the same extent as in Houston and San Antonio. Four plants slaughtering under Federal inspec-

¹Bureau of Agricultural Economics, USDA, "The Agricultural Estimating and Reporting Services of the U. S. Department of Agriculture," Miscellaneous Publication No. 703, December, 1949, p. 189.

tion insure a demand for livestock yielding meat not sold readily within Texas since they can ship meat through interstate channels of trade. The bulk of the boned meats are consumed within the State. The major out of state shipments, according to trade sources, are steer and calf carcasses.

Supplies of both grain-fed and range cattle are plentiful at Fort Worth during some seasons of the year. Most of the cattle are consigned to commission companies for sale, but many animals are shipped direct to packers. The practice of direct sales of cattle to packers by producers is growing and some shippers believe that this practice has affected market prices.

Fort Worth Prices by Classes of Cattle and Calves

Cattle sold in Texas for slaughter are principally grass fed. This includes all classes of cattle and is attributable to the small production of grain in relation to the numbers of livestock. It has been considered more efficient for cattle feeders in areas producing a surplus of feed to buy Texas cattle than for Texans to import the necessary quantities of grain for feeding purposes.

Steers

Under prevailing grading practices, few Texas cattle reach the top grades and the bulk of them grade Medium or below. Lack of finish is an important limiting factor since finish comes with continued grain feeding. The Market News Service reports prices for the grades having sufficient volume to establish a reliable price. By their standards, Fort Worth did not have sufficient Choice or Prime steers during the period 1946-50 to permit price quotations, but supplies of Good, Medium and Common steers were adequate.

The prices of the individual classes of cattle are determined by changing supply and demand conditions. Texas prices reflect nationwide supply and demand conditions for those classes of cattle

Table 1. Salable receipts of cattle at Fort Worth by months, 1946-50

Month	1946	1947	1948	1949	1950
	Number	Number	Number	Number	Number
Jan.	30,420	38,926	26,669	25,048	24,372
Feb.	27,586	41,509	21,639	23,845	19,492
March ...	31,188	44,617	28,328	31,131	25,236
April	40,268	46,576	34,442	20,512	21,783
May	43,284	69,331	56,752	33,183	37,834
June	57,977	94,397	74,016	49,954	50,424
July	110,667	95,645	58,516	49,695	46,260
August ...	87,645	64,176	77,364	55,090	47,874
Sept.	55,598	81,641	63,363	44,793	39,645
Oct.	90,837	79,957	65,237	56,247	46,181
Nov.	63,871	66,564	57,763	50,300	41,193
Dec.	51,190	49,004	37,479	27,503	26,064
Total ..	690,531	772,343	601,568	467,301	426,358

Table 2. Salable receipts of calves at Fort Worth by months, 1946-50

Month	1946	1947	1948	1949	1950
	Number	Number	Number	Number	Number
Jan.	16,362	24,763	21,318	16,188	12,784
Feb.	8,740	14,312	9,065	7,959	6,533
March ...	7,618	14,781	7,003	10,313	8,409
April	9,984	11,789	8,877	6,988	7,466
May	10,528	23,282	18,758	11,191	12,736
June	18,912	31,070	24,825	12,614	17,062
July	47,865	32,347	19,257	16,562	15,652
August ...	49,138	41,695	25,626	16,410	24,847
Sept.	39,382	44,870	33,473	23,882	32,312
Oct.	89,655	59,638	34,384	29,802	35,683
Nov.	62,666	52,249	46,105	39,723	32,858
Dec.	41,074	32,984	24,844	18,035	17,282
Total ..	401,924	383,780	273,535	209,667	223,624

that are slaughtered in Texas but consumed in other areas. Steers are one of those classes.

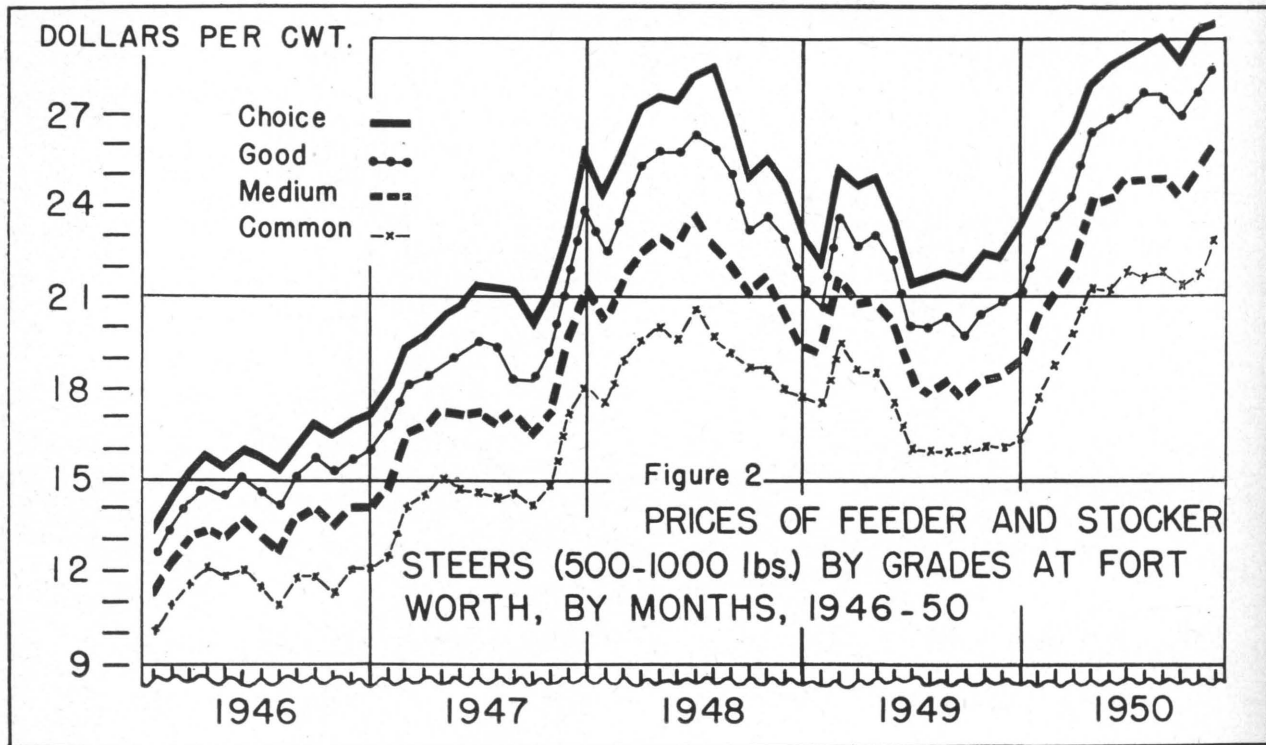
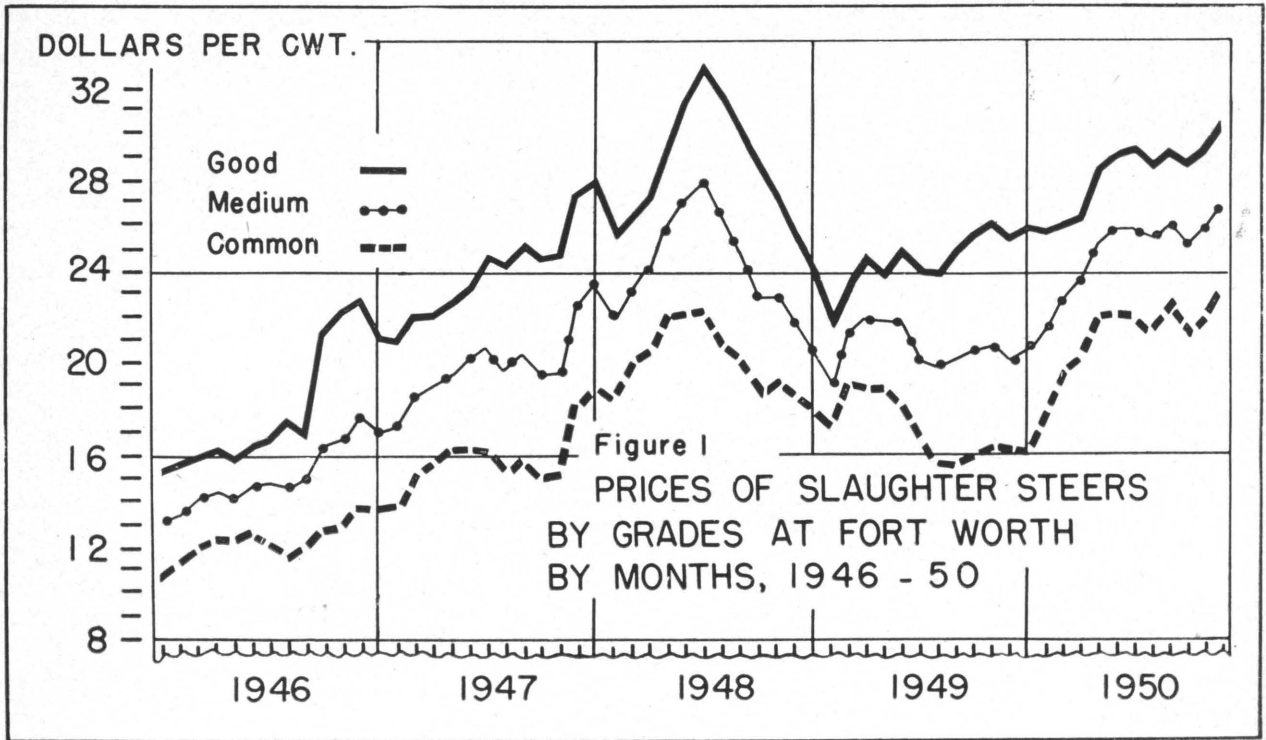
In Texas the usual practice is to keep cattle on grass during the spring and summer and move them off when the grass dries up. Most of Texas does not have year-round pastures. These cattle move to market in large numbers in the fall and the better steers move to the feed lots. The big movement out of the feed lots comes in the spring and early summer. At that time the quantity of fat steers is the greatest and the payment for quality is the least.

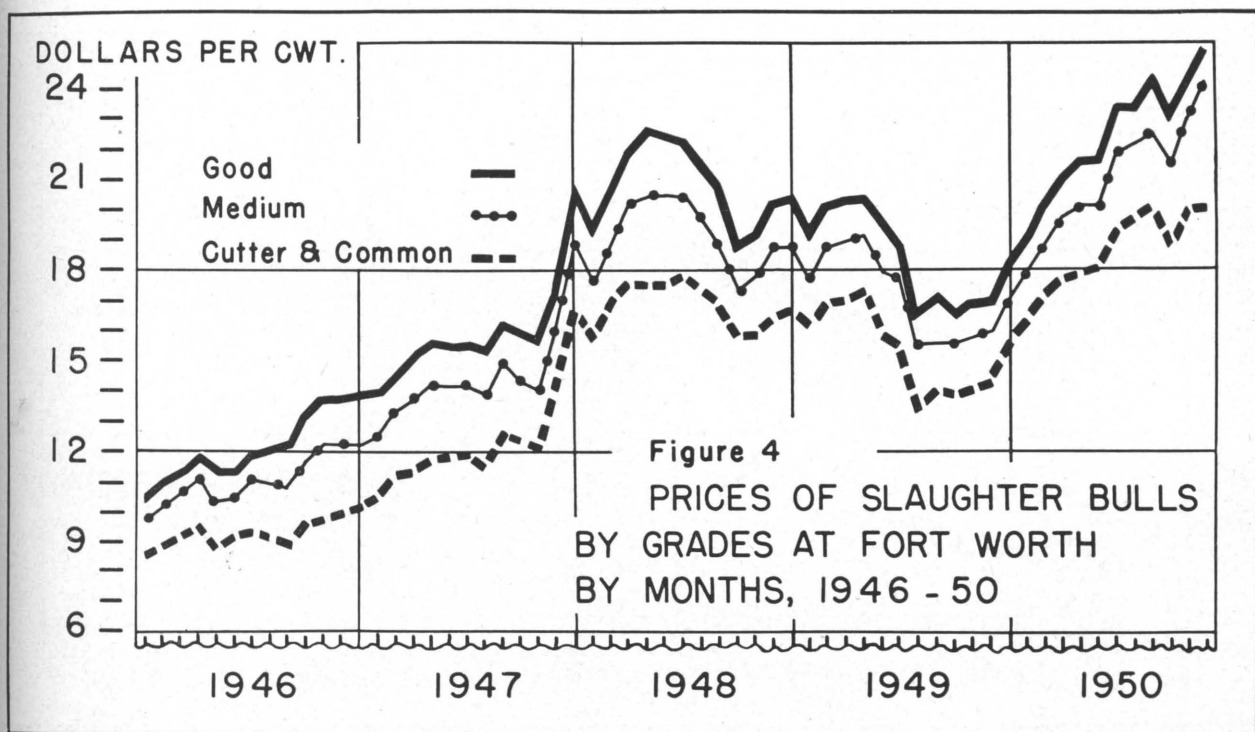
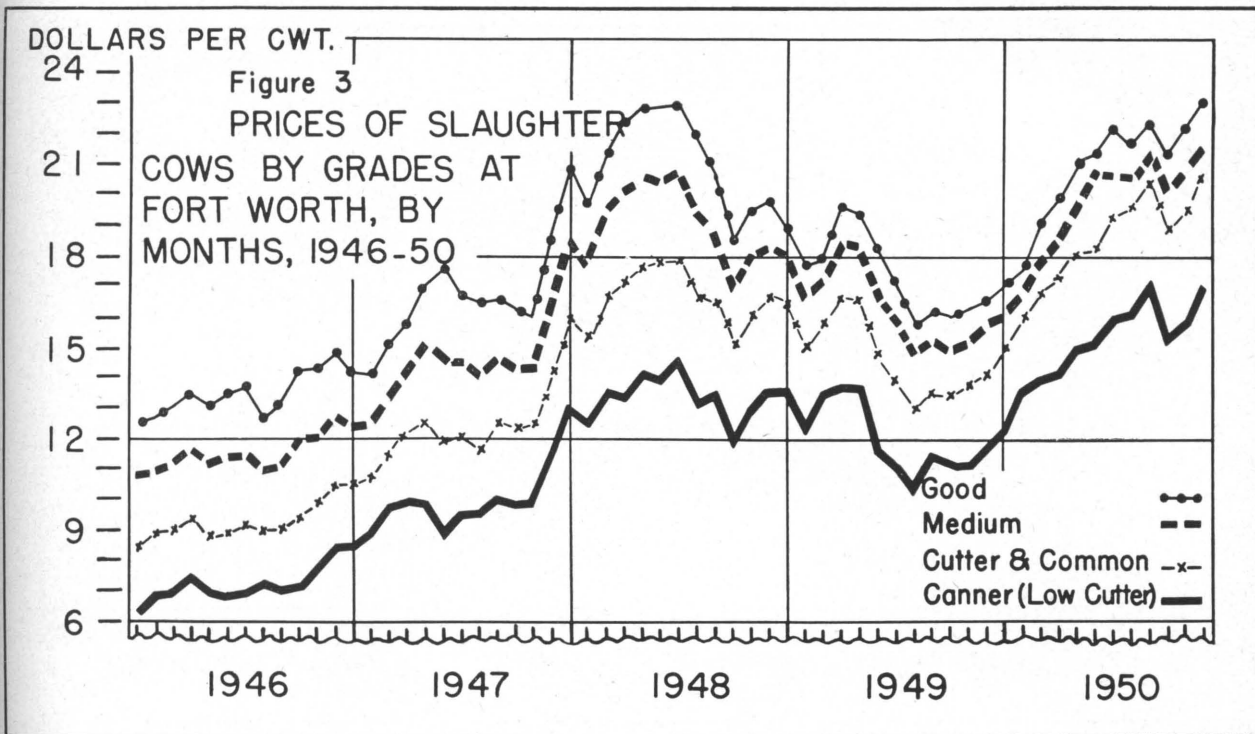
Figure 1 shows the price relationship between steers grading Good, Medium and Common at Fort Worth, 1946-50. While the seasonal price differences are not uniform, the difference between the grades is always the narrowest at some time in the spring when fed steers are most plentiful. Similarly, the spread is greatest at a period in late summer when the supply of range cattle is greatest and the supply of fed cattle is smallest.

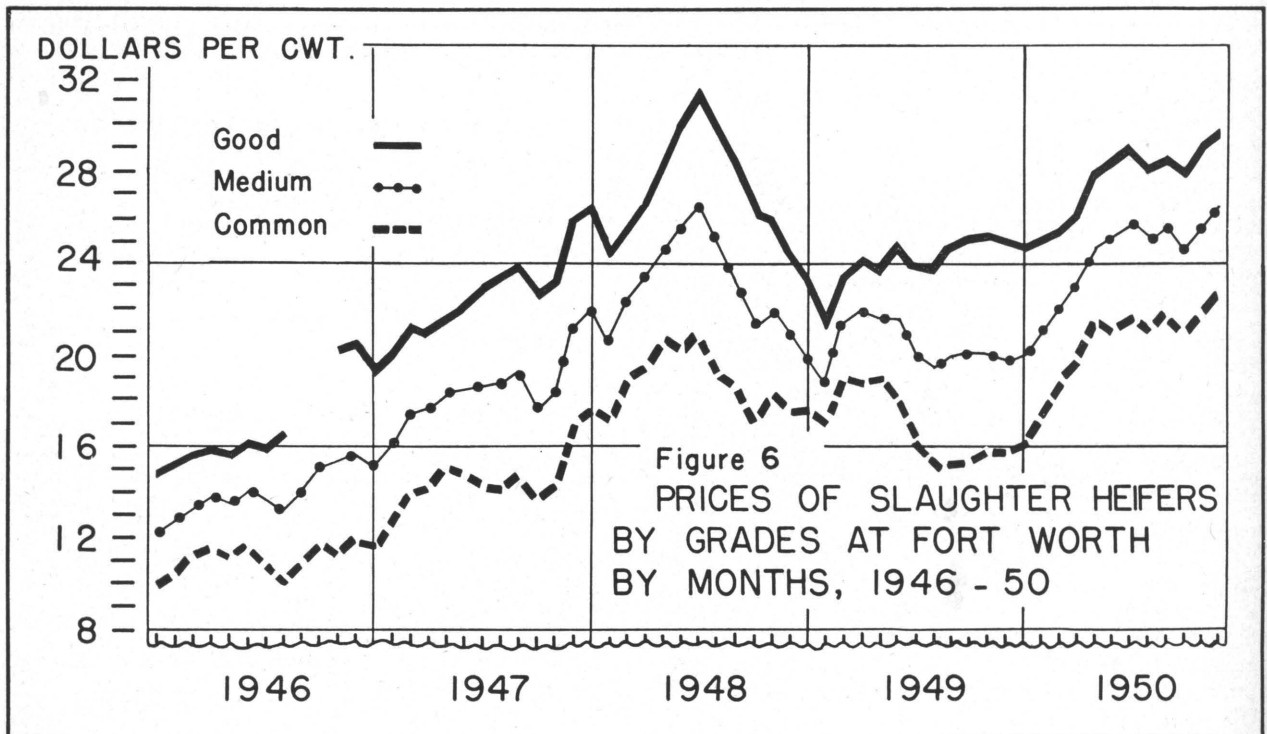
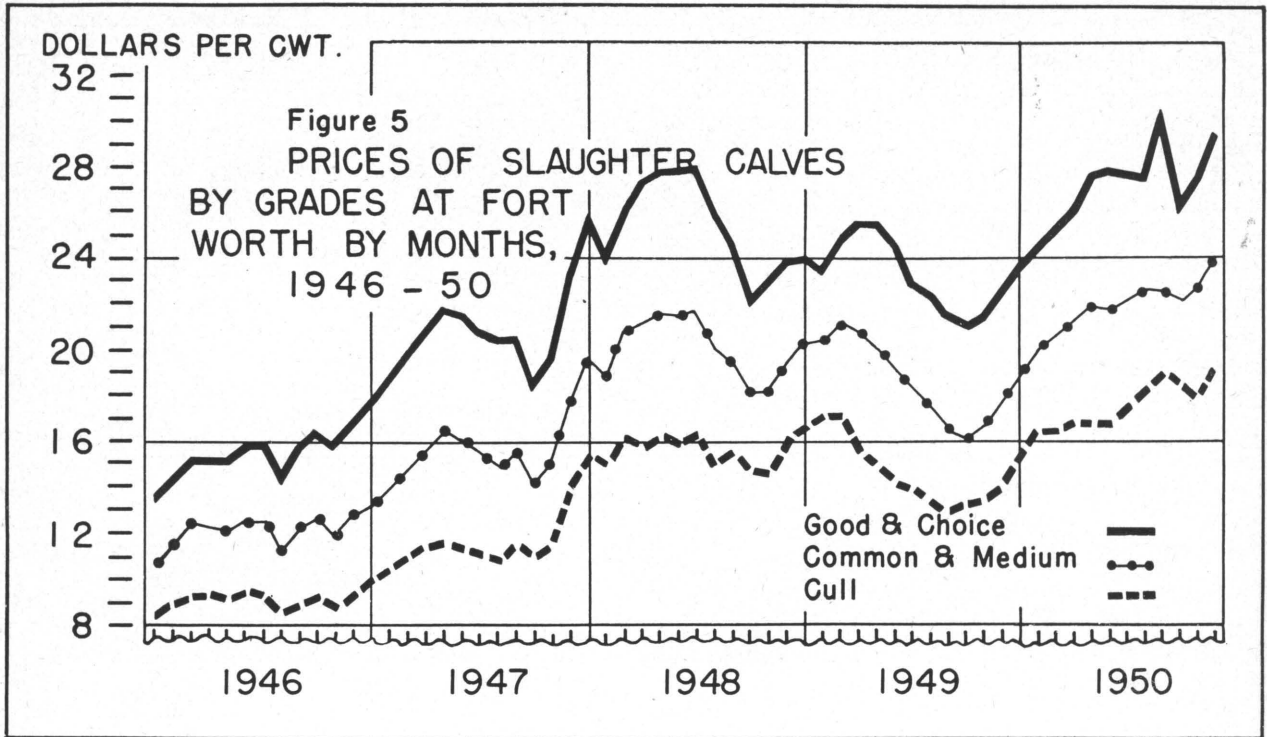
Feeder and stocker steers are affected by the same supply and demand relationships and the relationships by grades are similar to those for slaughter steers (Figure 2). The price spread between steers grading Choice and those grading Common at Fort Worth was least in the spring and widened to its maximum during midsummer. At that time the competition between feedlot operators and cattlemen with grass was at its peak. Naturally, the prices of feeder and stocker steers are correlated closely with prices of slaughter steers since steers purchased as feeders and stockers will be sold as slaughter animals a few months later.

Cows

Slaughter cow prices represent a range in use as well as in grade. Cows grading Good are cut up and sold at retail in a manner similar to steers. Canner cows, on the other hand, are used largely for boning purposes and the meat is sold as hamburger, sausage and other processed







meats. Cows grading Medium and Cutter may be sold in part in both categories. An average quality differential can be established for grades of cows but the actual price differential varies by seasons depending on the relative supply of and demand for the different grades of cow beef.

The price spread between cows grading Good and those grading Canner was greatest in most years during the spring and summer. During this period, supplies of slaughter cows decreased because of increased stocker demand and cow prices rose. Cows grading Good sold at a smaller advantage over those grading Medium and Cutter during the past 2 years than during the first 3 years of this study. Heavy restocking during this period has probably increased the demand for cows that would normally have gone to slaughter and has affected normal price relationships.

Bulls

Prices of slaughter bulls rise and fall with prices of beef in general but are affected by a few special factors (Figure 4). Some meat from the better bulls is sold across the block but the major use of bull beef is for bologna and other processed meats. Bull beef is relatively lean and is well adapted to mixing with water, cereal and other products used in processed meats.

The demand for bulls is usually good and price variations by grades are not extreme. The price spread between bulls grading Medium and Good was from \$1.00 to \$2.00 while the spread between Medium and Cutter was usually a half-dollar larger. The price spread was not consistently greater during any one season of the year.

Calves

Price spreads for grades of calves are large as compared with steers, cows and bulls (Figure 5). The spread from Good and Choice to Cull exceeded \$10.00 in each of the last 4 years at Fort Worth. It was largest during May and June and was smallest during the winter.

Under Texas conditions, most calves are dropped in the winter and spring and reach market in greatest numbers during the late summer, fall and early winter. Prices of calves usually decline during the period of heavy marketings and rise during the spring when stocker demand is heavy and slaughter calf supplies are small. Very few calves of high quality are available during early summer and it is at this time that the premium for quality is greatest.

Heifers

Supplies of slaughter heifers are greater at Fort Worth than at the other markets, and this market is the only one reporting heifer prices. Even at Fort Worth, there were too few heifers grading Good to permit quotations in September and October 1946 (Figure 6).

During 4 of the 5 years, heifer prices rose steadily from near the beginning to the end of

the year. The spread by grades was smallest at the beginning of the year and increased during the summer and early fall. The seasonal price changes varied in individual years because of the effects of drouth and other factors. It is likely that stocker demand was important as a price-making factor during the spring and early summer.

MARKET CHARACTERISTICS AT HOUSTON

Salable market receipts at Houston by months for the period 1946-50 are shown in Tables 3 and 4. Calf receipts were more than double cattle receipts for each of these years and Houston ranked sixth nationally as a calf market in 1950. A sizable portion of the receipts classified as cattle were very little above the 500-pound upper weight limit for calves.

Meat from calves and light weight cattle sells more readily in the entire Gulf Coast area than does meat from heavier animals, according to persons in the meat trade. This may be accounted for in part by the warm climate causing a preference for a diet which includes relatively small amounts of animal fat.

Consumers in the Houston area demand a great deal of beef and veal in addition to the supply furnished by the Houston processors. Packers in San Antonio and Fort Worth ship meat into the Houston area and additional supplies of pork and the higher grades of beef are brought in from outside Texas.

Most of the beef and veal slaughtered in the Gulf Coast area is consumed in that area as only one of the Houston packing plants operates under Federal inspection and is thereby entitled to sell meat in interstate commerce. All the other packers slaughter exclusively for Texas consumption.

Houston Prices by Classes of Cattle and Calves

Although the Houston market is best known as a calf market, sufficient numbers of cows and bulls were sold during the period 1946-50 to provide price quotations by the Market News Service.

Table 3. Salable receipts of cattle at Houston by months, 1946-50

Month	1946	1947	1948	1949	1950
	<i>Number</i>	<i>Number</i>	<i>Number</i>	<i>Number</i>	<i>Number</i>
Jan.	5,251	8,498	5,807	3,933	4,444
Feb.	3,735	3,094	4,117	2,507	4,148
March. . .	3,623	3,685	4,055	3,172	4,599
April. . . .	3,602	5,556	4,361	3,550	5,961
May.	5,230	9,629	6,979	6,127	7,787
June.	7,278	13,074	9,572	5,981	5,942
July.	12,934	11,894	8,053	4,948	5,655
August. . .	11,443	10,132	10,652	5,410	7,324
Sept.	8,594	12,047	8,305	4,739	5,300
Oct.	16,409	12,570	9,053	4,735	6,241
Nov.	13,938	10,552	8,119	5,807	5,852
Dec.	12,296	7,884	5,029	3,563	4,750
Total. . .	104,333	108,615	84,102	54,472	68,003

Table 4. Salable receipts of calves at Houston by months, 1946-50

Month	1946	1947	1948	1949	1950
	<i>Number</i>	<i>Number</i>	<i>Number</i>	<i>Number</i>	<i>Number</i>
Jan.	9,106	10,539	9,671	10,350	11,647
Feb.	3,844	5,636	6,036	7,945	6,794
March...	4,115	5,629	6,657	7,910	8,745
April....	7,293	7,423	6,940	6,018	9,758
May.....	10,287	14,551	11,187	10,765	13,169
June....	11,479	17,453	13,238	11,137	12,285
July.....	24,913	21,788	12,484	10,008	16,081
August..	30,076	21,534	26,337	19,303	28,333
Sept....	27,054	35,502	27,182	21,534	25,150
Oct.....	46,019	39,499	28,130	23,388	32,477
Nov.....	36,993	34,430	27,167	27,933	27,408
Dec.....	24,772	18,627	14,442	14,132	13,167
Total..	235,951	232,611	189,471	170,423	205,014

Steers

Three grades of steers were quoted during 1947 and about half of 1948. Since that time there have been no steer price quotations at Houston because of the small volume of steers sold. Many livestock producers in the Gulf Coast area raise cattle of dairy or mixed breeding. Large numbers carry some Brahman blood. The tendency is to sell calves and only a limited number of steers are retained for further feeding. Some packer buyers state that animals with Brahman blood have a higher dressing percentage as calves but that this advantage over other breeds diminishes as they mature.

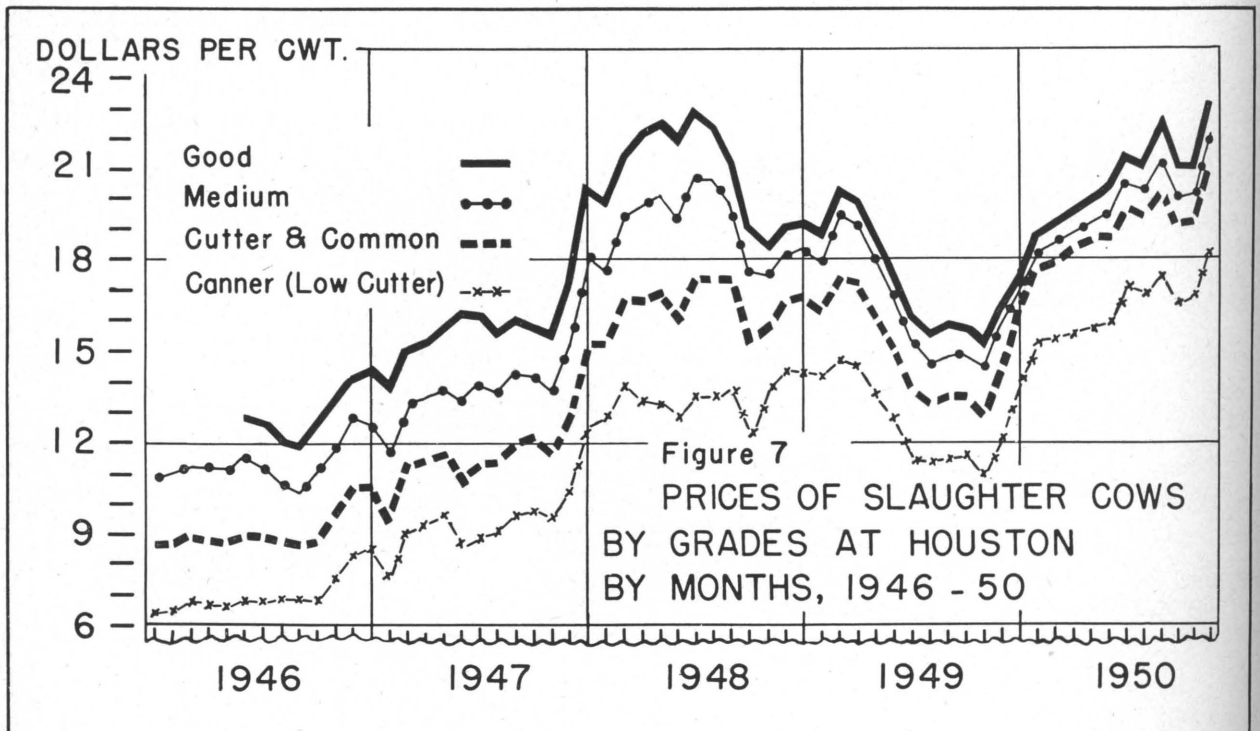
Cows

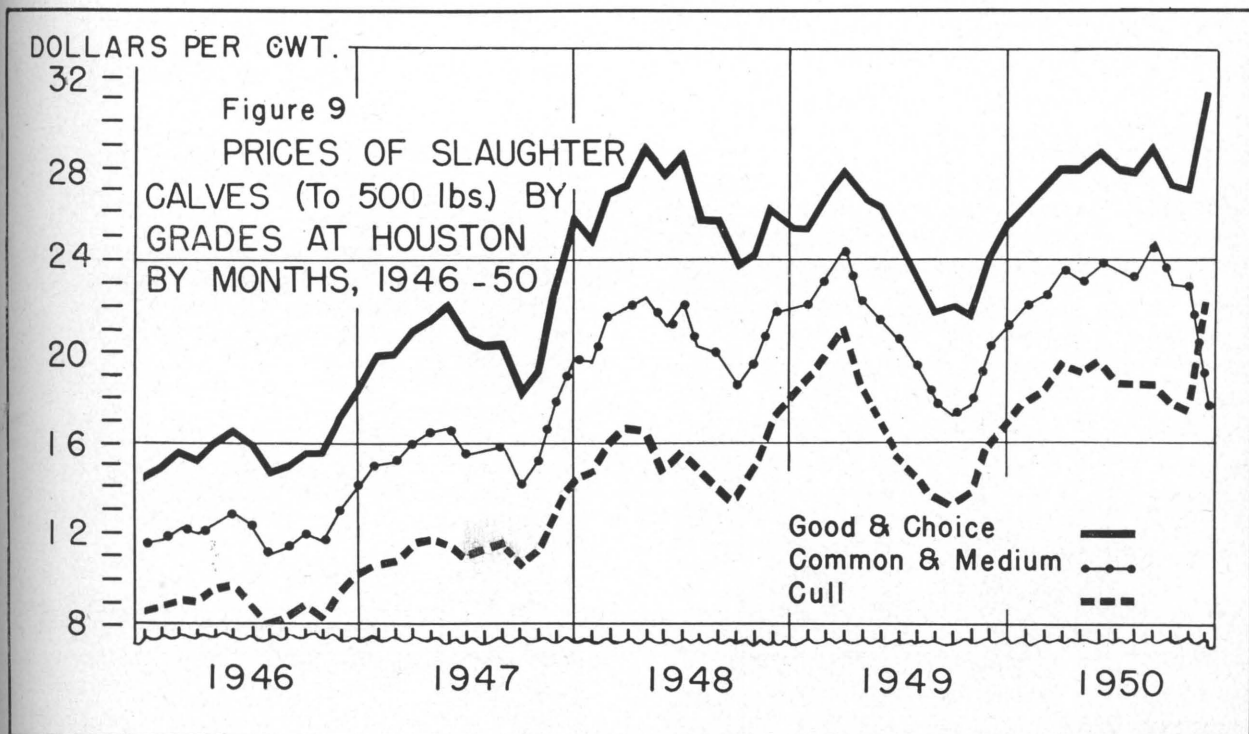
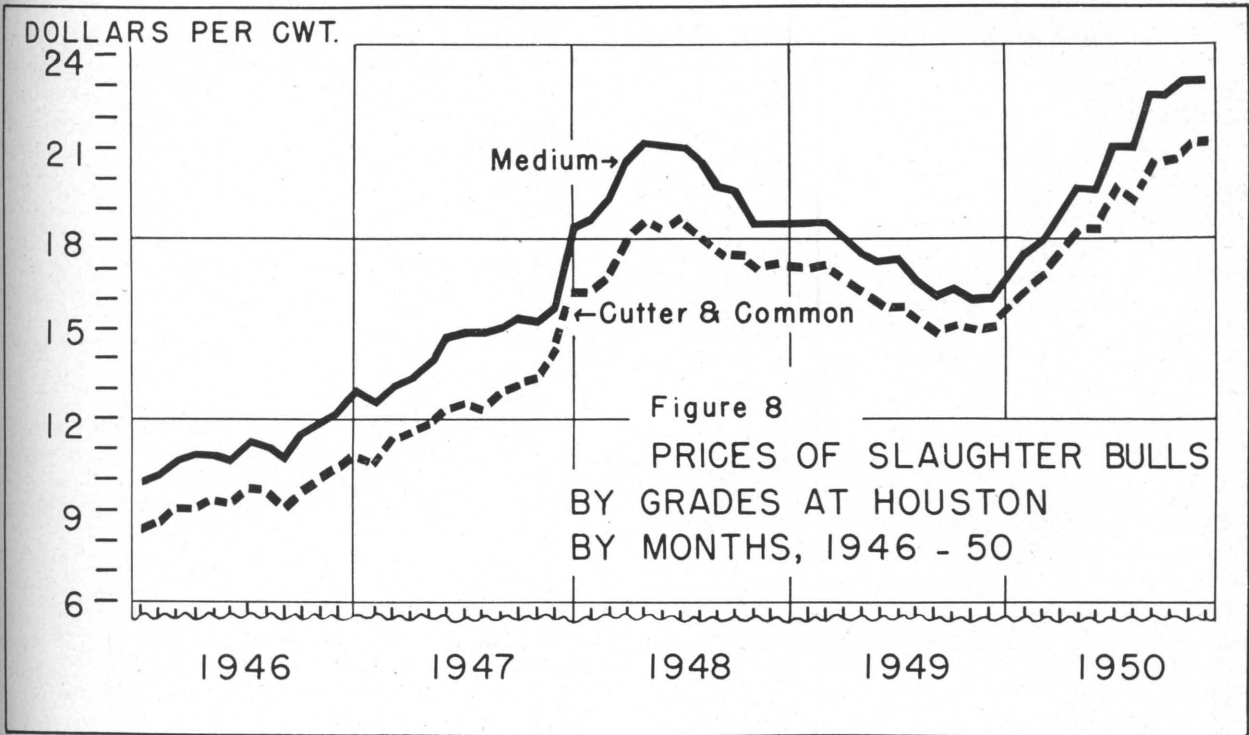
The Houston market receives large numbers of cows varying widely in quality. The price advantage for cows grading Good over those grading Medium averaged close to \$2.00 during the first 3 years of the period of study but averaged less than a dollar above in 1949 and 1950 (Figure 7). Similarly the advantage of Medium over Cutter averaged less in 1949 and 1950 than from 1946 to 1948. Canner cows, however, continued to sell for \$2.00 to \$3.00 less than those grading Cutter.

The relative decrease in price for the higher cow grades during the past 2 years is consistent with cow prices at Fort Worth and San Antonio. It represents an outstanding unwillingness to pay for quality above the Cutter level. Since carcass yields should average higher for the higher grades, these prices indicate the influence of factors outside the slaughter market. The increased stocker demand for Medium and Cutter cows may have increased their prices if it can be assumed that a comparable increase in stocker demand for cows grading Good did not take place.

Bulls

Only two grades, Medium and Cutter and Common were used for reporting bull prices at Houston during the period 1946-50 (Figure 8). The usual price spread between these grades was about \$1.50 but it varied from year to year. There was no consistent seasonal price fluctuation.





Calves

Slaughter calves are the major class of cattle sold on the Houston market and all grades are very well tested from a price standpoint. The price spread between grades averaged about \$4.00 with considerable periods above and below this spread (Figure 9). In most years prices rose during the first few months of the year and slumped sharply in the summer and fall. This seasonal drop was less than usual in 1950 because of the national defense situation.

Under normal production practices, the bulk of the calves reach market in the fall and winter. Spring calves are kept with their mothers on pasture until the grass is gone and are then sold rather than put on feed. Some creep feeding is practiced but it is not common. Lack of finish is an important factor keeping down the grade of calves in the Gulf Coast area. Calves from Brahman crosses are bothered less by the humidity and insects found in much of the Coastal area than are straight Herefords, Shorthorns or Aberdeen-Angus. They grow rapidly and are in excellent demand for slaughter purposes at the Houston market.

MARKET CHARACTERISTICS AT SAN ANTONIO

Supplies of cattle and calves at San Antonio are derived from a wide area and include a considerable range in quality. San Antonio competes with Houston for the animals of mixed breeding produced along the Gulf Coast. It is the major market for a considerable portion of the range cattle produced in South Texas. In addition, San Antonio competes with Fort Worth as a market for the cattle produced in certain areas of West Texas.

The growth of the San Antonio market since 1940 has been substantial. Cattle receipts increased from 141,096 in 1940 to 309,553 in 1950 but calves decreased from 226,346 in 1940 to 205,108 in 1950. San Antonio ranked thirteenth nationally as a cattle market and fifth among calf markets in 1950. Receipts of both cattle and

Table 5. Salable receipts of cattle at San Antonio by months, 1946-50

Month	1946	1947	1948	1949	1950
	<i>Number</i>	<i>Number</i>	<i>Number</i>	<i>Number</i>	<i>Number</i>
Jan	24,419	27,440	27,945	24,237	23,276
Feb	15,844	22,582	19,614	20,619	20,280
March	15,632	27,562	21,767	25,642	26,225
April	23,479	34,739	30,275	22,235	24,842
May	15,599	35,676	30,395	34,991	31,992
June	20,243	39,473	37,208	31,647	24,981
July	47,470	41,243	24,373	23,427	26,470
August	38,140	24,795	37,272	28,303	28,989
Sept	16,474	39,546	27,253	23,646	23,601
Oct	34,690	46,554	31,236	30,295	31,570
Nov	41,056	36,069	35,243	32,433	28,668
Dec	38,311	25,255	23,624	17,844	18,658
Total	331,357	400,934	346,205	315,369	309,552

Table 6. Salable receipts of calves at San Antonio by months, 1946-50

Month	1946	1947	1948	1949	1950
	<i>Number</i>	<i>Number</i>	<i>Number</i>	<i>Number</i>	<i>Number</i>
Jan	16,835	18,270	17,413	13,586	15,040
Feb	11,728	14,602	10,397	8,124	10,246
March	15,063	17,926	14,384	11,675	14,366
April	18,664	14,121	20,153	8,612	10,081
May	10,019	15,548	18,990	11,839	13,085
June	9,186	21,153	25,828	11,220	11,140
July	26,950	24,835	17,064	10,144	13,965
August	24,998	17,675	31,126	12,881	20,984
Sept	13,760	30,871	22,051	13,366	20,427
Oct	31,268	37,424	28,453	18,536	32,238
Nov	31,185	32,489	29,419	21,788	28,342
Dec	21,743	19,419	14,660	12,586	15,194
Total	231,399	264,333	249,938	154,357	205,108

calves declined in 1950 from the peaks reached in 1947. Receipts by months during the period 1946-50 are shown in Tables 5 and 6. Such receipts are influenced considerably by pasture conditions as well as by economic factors.

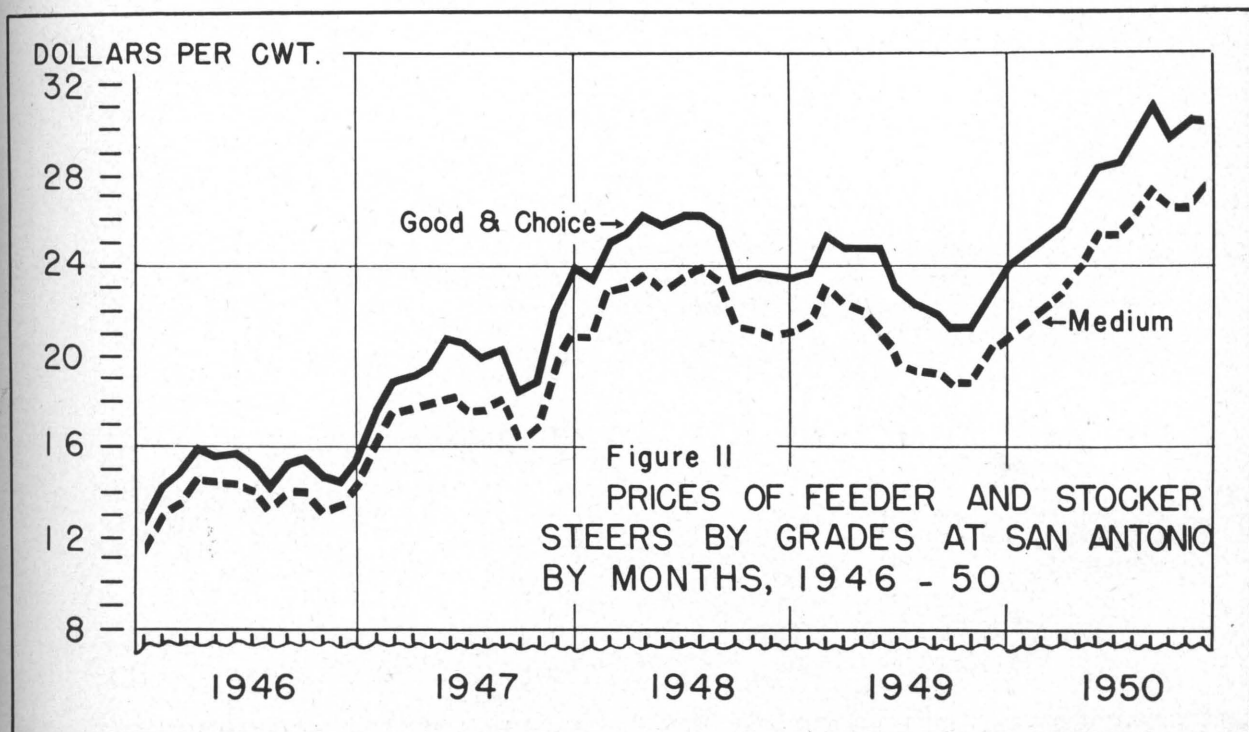
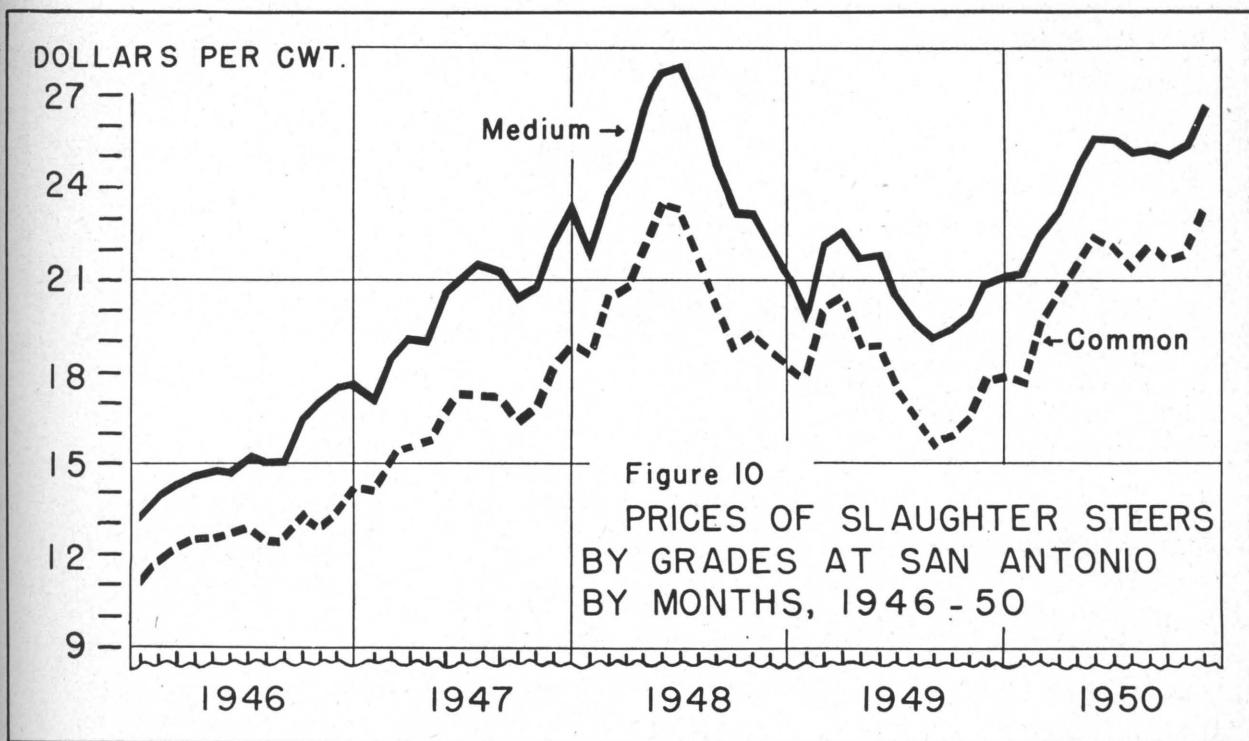
Local demand in San Antonio is primarily for light cattle and processed meats. Large supplies of heavier cattle would depress prices considerably if it were not for the demand of packers slaughtering under Federal inspection. The meat from heavy animals slaughtered by these packers may be used to fill government contracts or shipped to out-of-state markets.

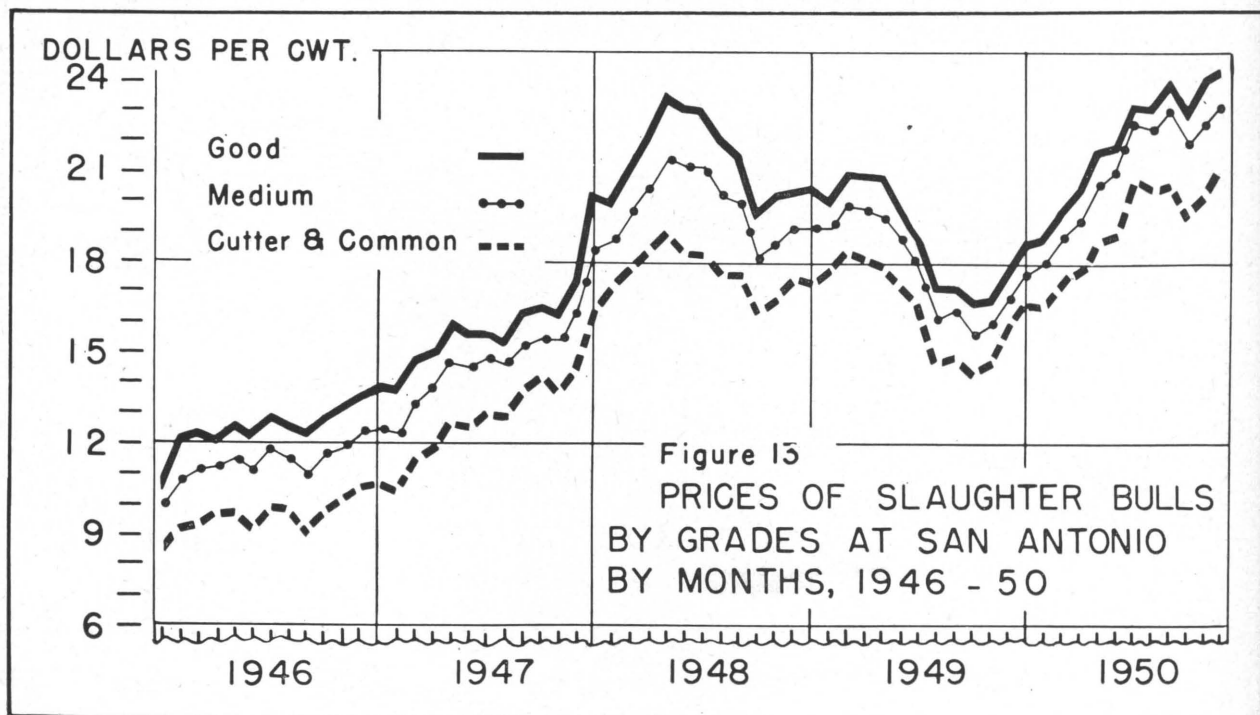
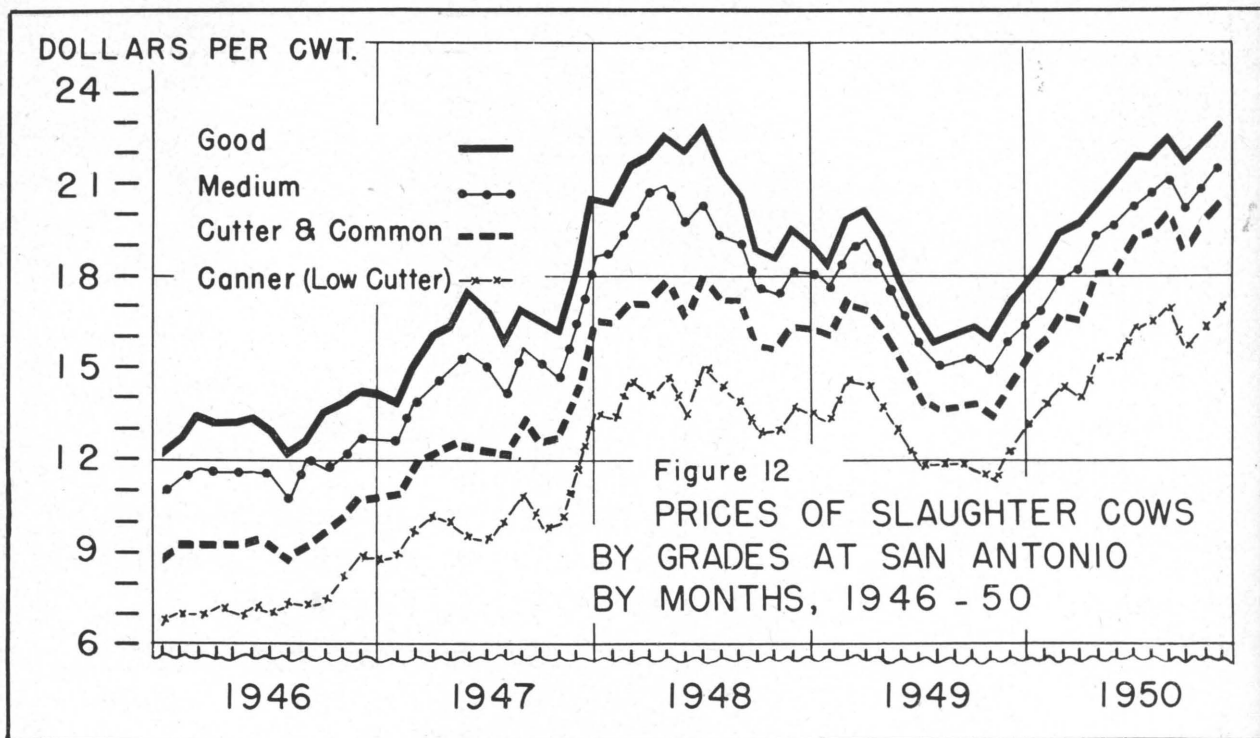
Supplies of cattle for the boned meat trade are not excessive and most of the product can be sold in the San Antonio and Gulf Coast areas. Most of the surplus cattle and calves are suitable for slaughtering and shipment to eastern markets or for sale as feeders. Gradual improvement in quality of South Texas cattle through the years has broadened the market outlet.

San Antonio Prices by Classes of Cattle and Calves Steers

San Antonio received relatively small numbers of steers grading Good or Choice during the 1946-50 period. Numbers marketed in these grades were too few to provide the basis for market quotations. The only steer grades for which prices were quoted every month were Medium and Common. The difference between these grades is shown in Figure 10. This difference varied considerably from year to year with Medium steers tending to sell relatively lower in the spring than in the fall, as compared with Common steers.

Better quality feeder and stocker steers were available at San Antonio with steers grading Good and Choice sold in sufficient numbers for price reporting purposes throughout the period (Figure 11). The price spread for this grade above Medium was variable, amounting to little over a dollar during the early part of the period but averaging close to \$3.00 during the last 2 years.





For many years, ranchmen in South Texas imported steers from Mexico and grazed them a year or more before selling them as feeders. The embargo on Mexican cattle brought about by the hoof and mouth disease necessitated a change in operating methods on these ranches. Some shift has taken place to a cow-and-calf production basis. During the transitional period, San Antonio has had a decreased number of feeder steers with some change in quality.

Cows

San Antonio is a good market for all grades of slaughter cows. The lower grades are suitable for processed meats, while the higher grades are used for boning and for retail cuts.

The price spread by grades was erratic and unpredictable (Figure 12). It tended to narrow for the three upper grades near the end of the period. Prices rose for all grades at the first part of each year, fell off during the middle of the summer, and started up again in the fall. Prices were affected by the changing demand for meat and also by the demand for stocker cows since many of the better grade of slaughter cows can be used for stocker purposes as well.

Bulls

Prices of slaughter bulls indicated relatively little variation from the Good grade down to Cutter and Common (Figure 13). Bulls grading Good brought from about \$1.00 to \$2.00 more

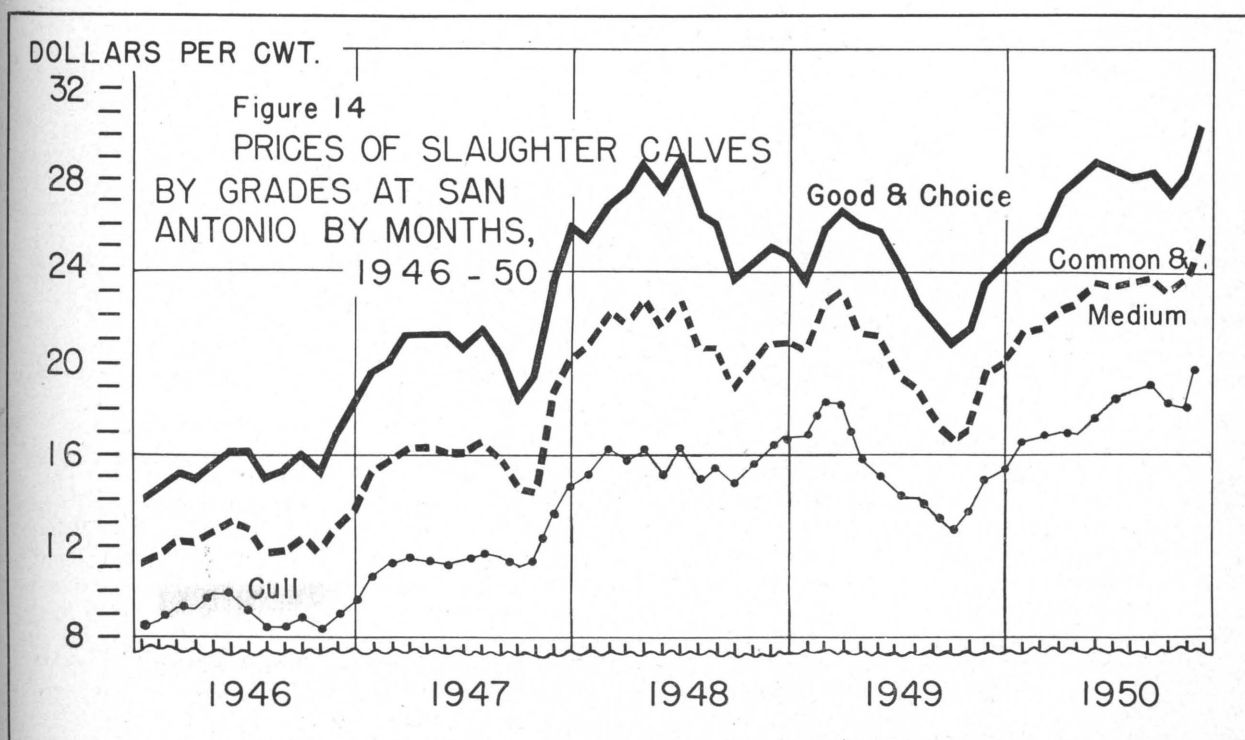
than Medium and Cutter and Common grades were an additional \$1.00 to \$3.00 lower. The price variation was largest in most years in mid-summer.

Much of the meat from bulls is used for sausage and other processed meats because of its leanness and suitability for mixing with other products. A comparatively small proportion is used for retail sale as fresh meat. The higher prices for the Good and Medium bulls reflect their higher return of fresh beef and somewhat higher dressing percentages.

Calves

The largest seasonal price variations at San Antonio were for the grades of calves. The price spread between grades ranged from \$3.00 to \$6.00 and was greatest in June and July (Figure 14). This is the period when movements of calves to market is small and high quality calves are particularly scarce. This wide range in slaughter calf prices at San Antonio provided producers with an opportunity to obtain a sizable premium for quality production if coupled with timely marketing.

The demand for slaughter calves at San Antonio is excellent since it is close to the area which consumes large quantities of light beef. Under prevailing production practices, calves are marketed most heavily at the San Antonio market in October and November and prices usually decline during this period. Prices were highest during the spring and early summer.



PRICE DIFFERENCES BETWEEN MARKETS

Cattlemen tend to sell their livestock at the same market every year and during the same season of the year. Comparison of price differences for the same grade of livestock at different markets indicates that it would be profitable to use considerable foresight in making a choice of markets and in selecting the time of marketing. Differences among the markets vary widely for different classes of cattle. This is attributable to variations in supply and demand conditions for each class of cattle at each of the three markets.

Price Differences for Steers

One of the major classes of cattle slaughtered in Texas and consumed in other areas is steers. To be shipped in interstate commerce, this meat must be slaughtered under Federal inspection. Fort Worth and San Antonio have the major packers who slaughter under Federal inspection and are the major steer buyers.

Fort Worth is the only market in Texas which reports prices of Good and Choice slaughter steers. Inter-market comparisons of steer prices were confined, therefore, to Medium and Common grades. During the period from January 1946 to July 1949, San Antonio reported prices for Medium steers consistently above those for Fort Worth (Figure 15). In 1950, however, Fort Worth prices were higher in every month but January. The prices were very close together during all of the 5-year period and rarely exceeded the cost of transportation between the two markets. Houston prices were consistently lower than the other two markets until reporting of this grade was discontinued in 1948.

San Antonio maintained an advantage over Fort Worth in prices of Common slaughter steers during the period 1946-50 (Figure 16). The prices were closer together in 1950 than in any of the other years. Houston prices averaged below the other two markets in 1946 and 1947 and were discontinued in 1948. The San Antonio price advantage was most pronounced in 1949.

Price Differences for Cows

Cows grading Good sold for less at Houston than at the other two markets during most of the 5-year period (Figure 17). The difference was usually small, rarely exceeding \$1.00. There was no seasonal pattern to the price relationship. Prices at Fort Worth and San Antonio varied above and below each other with neither market having a consistent advantage.

The top market for Medium cows was San Antonio during most of the period of study but Houston paid top prices during the spring of 1949 and 1950 (Figure 18). Prices were very close together during most of this period. There seemed to be no seasonal pattern but rather local supply

and demand conditions favored each market at different times while the possibility of transferring cows from one market to another kept prices roughly in line.

Cutter and Canner cows sold for the highest prices on the San Antonio market and for lowest prices at Houston during the 1946-49 period but Houston prices were the highest during most of 1950 (Figure 19). Fort Worth prices, on the other hand, were highest during one or more months of each year. This very inconsistent price behavior indicates the strong influence of local conditions.

The San Antonio market paid the highest prices for Canner cows consistently during the first 4 years (Figure 20). Houston was low during 1946 and 1947, about in the middle in 1948 and 1949 and was the top market for this grade of cows in 1950. Fort Worth was the middle market until 1948 and has paid the lowest prices since that time. The price differences were small in most cases. Canner cows are used primarily for boning purposes and both Houston and San Antonio contain several large meat processors who utilize large quantities of boned meats.

Price Differences for Bulls

Price differences among the major markets for Medium slaughter bulls were small during the 1946-50 period (Figure 21). Both Houston and San Antonio paid higher prices than Fort Worth during most of the period, but Houston was below Fort Worth during most of 1950. The price differences were small, rarely exceeding transportation costs between the markets.

The price pattern for Cutter and Common bulls was quite similar to that for Medium bulls (Figure 22). San Antonio paid highest prices during most of the period and the Houston market was usually next in line. Fort Worth prices were lowest but the price at that market was rarely as much as \$1.00 below San Antonio.

Seasonal price variations were less for bulls than for other classes of cattle with no consistent high or low period. Marketings of bulls are affected less by range conditions and are distributed more evenly through the year than for cows and calves.

Price Differences for Slaughter Calves

The relationship between prices paid for Good and Choice slaughter calves was highly variable for different years (Figure 23). Although Houston prices were highest on the average, this advantage was not clear-cut until 1949 and 1950. San Antonio prices were usually next in line for this grade with Fort Worth averaging the lowest. No consistent seasonal pattern among the markets was apparent. The Houston market enjoys the advantage of proximity to a substantial area having a preference for this weight of beef.

Prices for Common and Medium slaughter calves followed the same pattern among markets as did those grading Good and Choice (Figure 24). The advantage of Houston over San Antonio was slight during the early part of the period with frequent changes of price leadership, but Houston prices were definitely higher after 1948. Fort Worth prices for this grade lagged behind the other markets, with the difference amounting to \$2.00 or more at times.

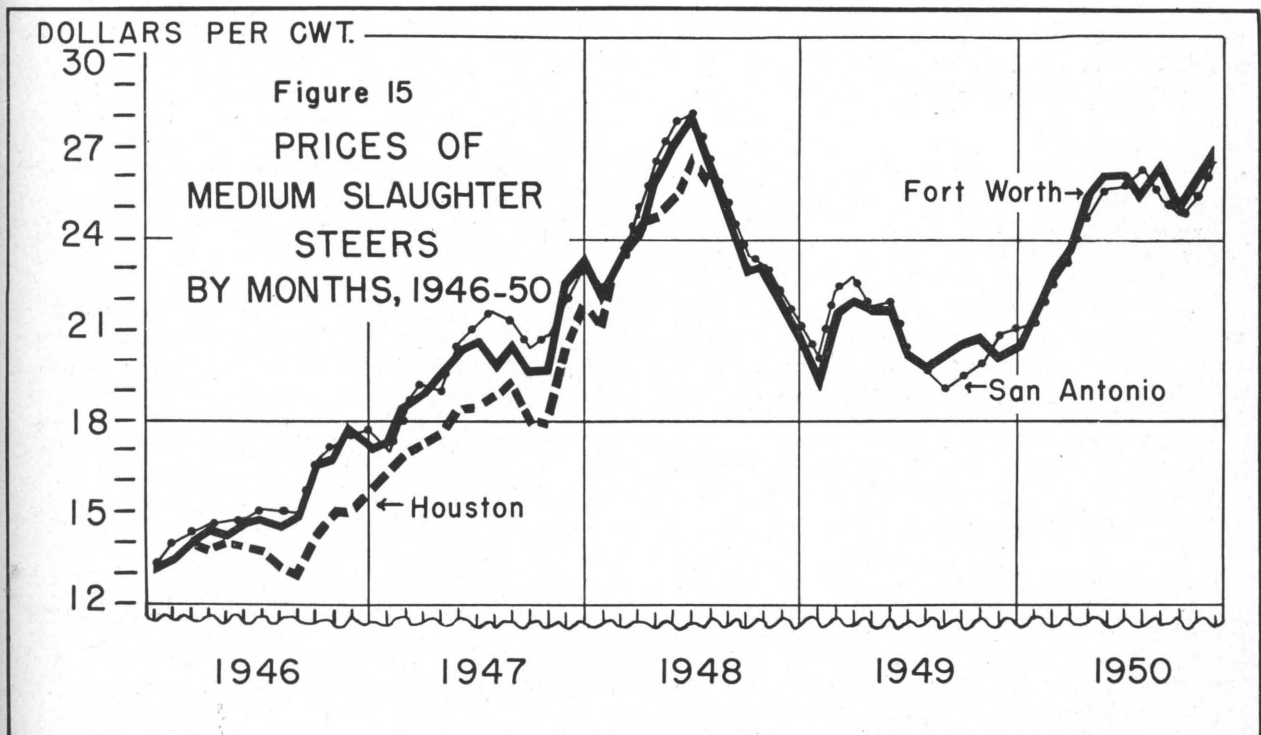
Houston was the best market for Cull slaughter calves, especially in 1949 and the first half of 1950 (Figure 25). There was little difference in prices at the three markets from 1946 through most of 1948 but the price differences have been substantial since that time. San Antonio prices exceeded those at Fort Worth during 1949 and 1950.

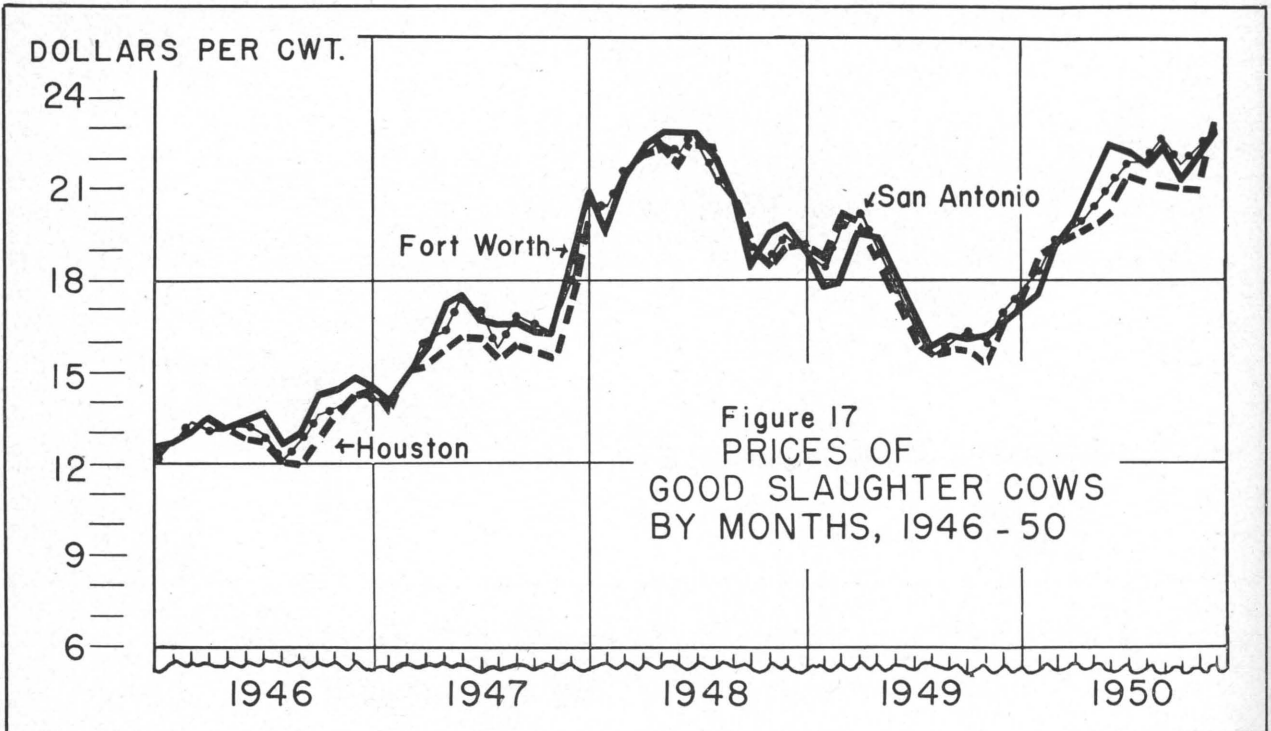
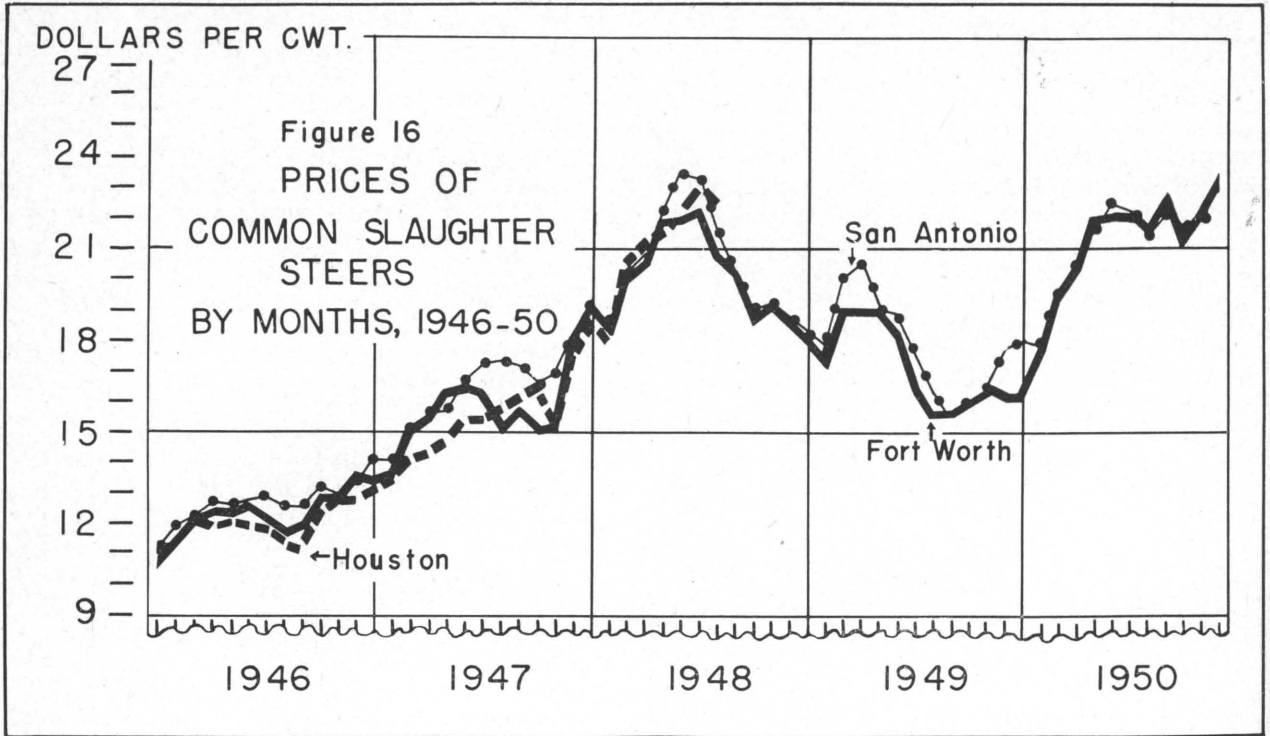
The higher prices at the Houston market for slaughter calves can be attributed to the very good demand at that market and possibly to the higher dressing percentage of the large proportion of calves having Brahman blood. Calves of this breeding are plentiful in the Gulf Coast Area and some slaughterers are willing to pay more for them than for comparable calves of other breeding.

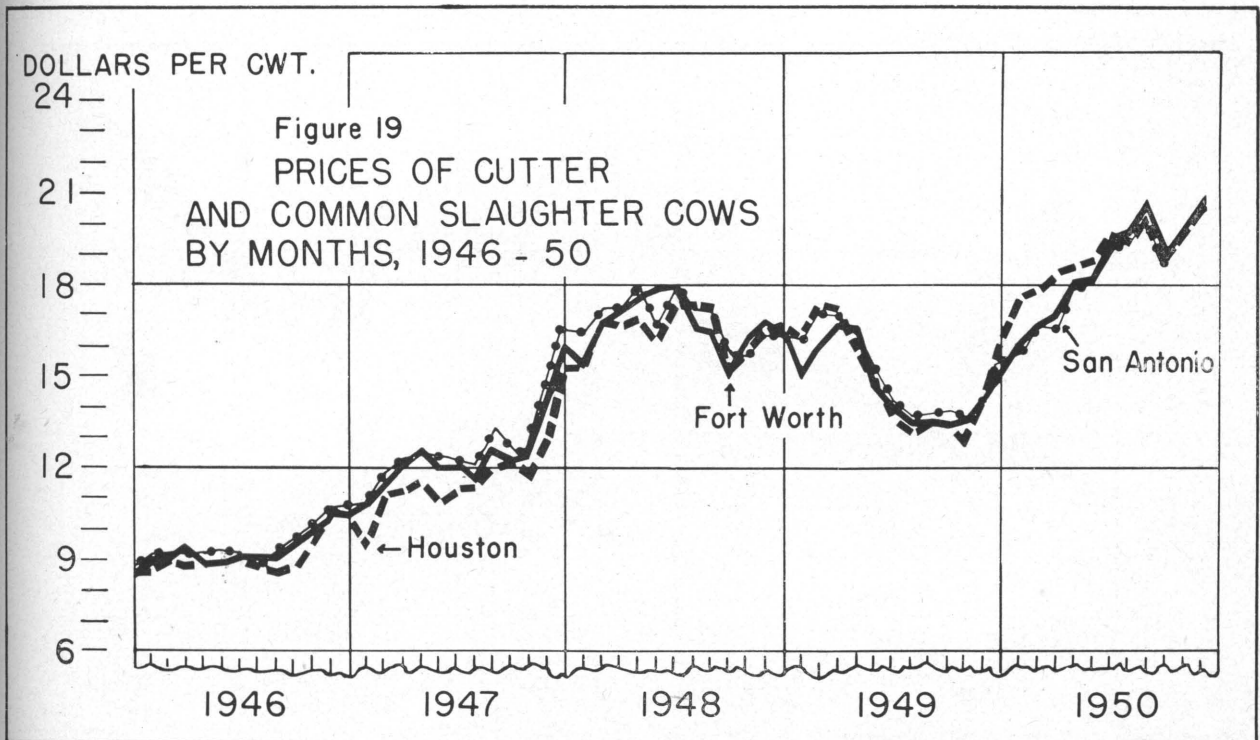
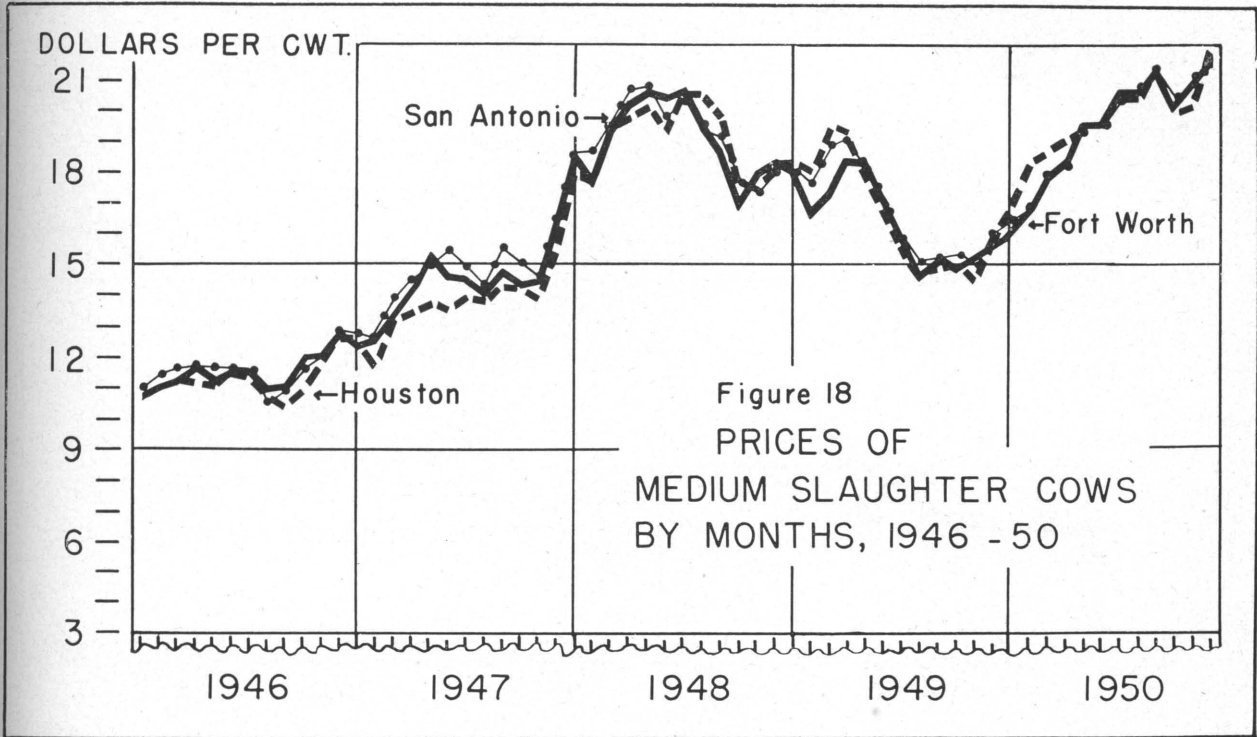
Price Differences for Feeder Calves

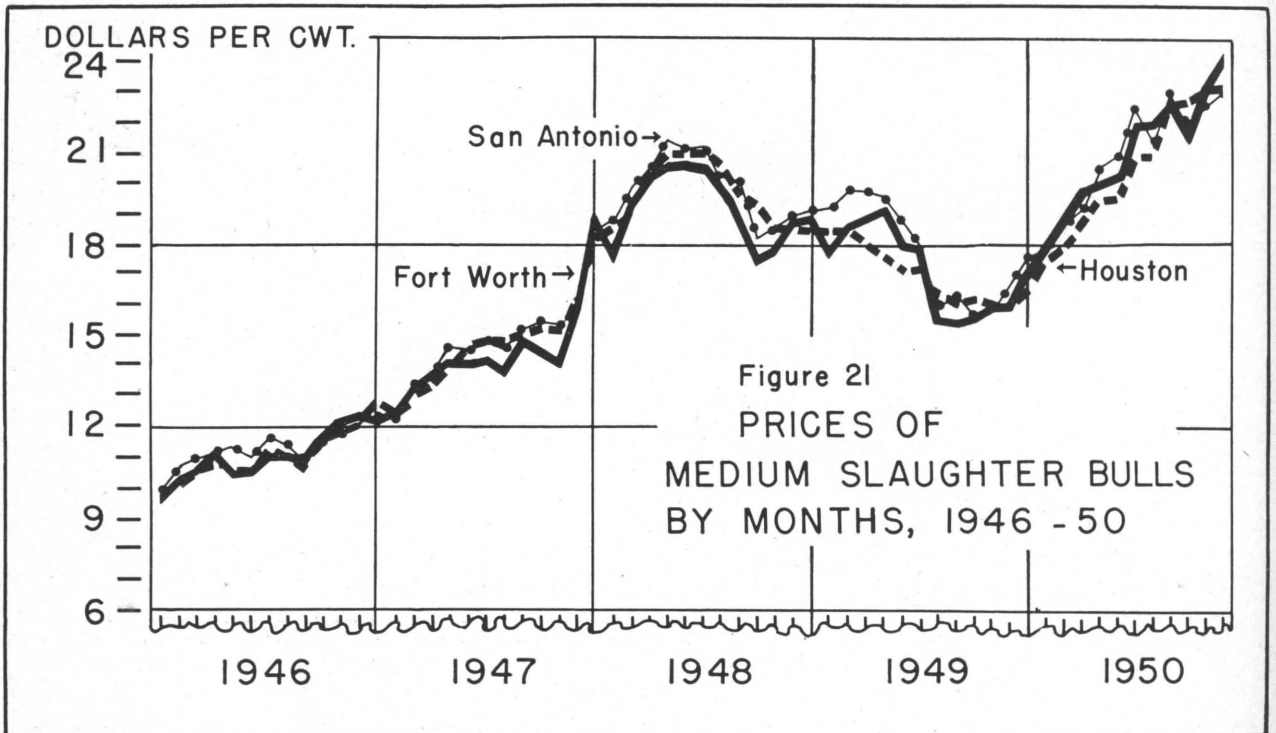
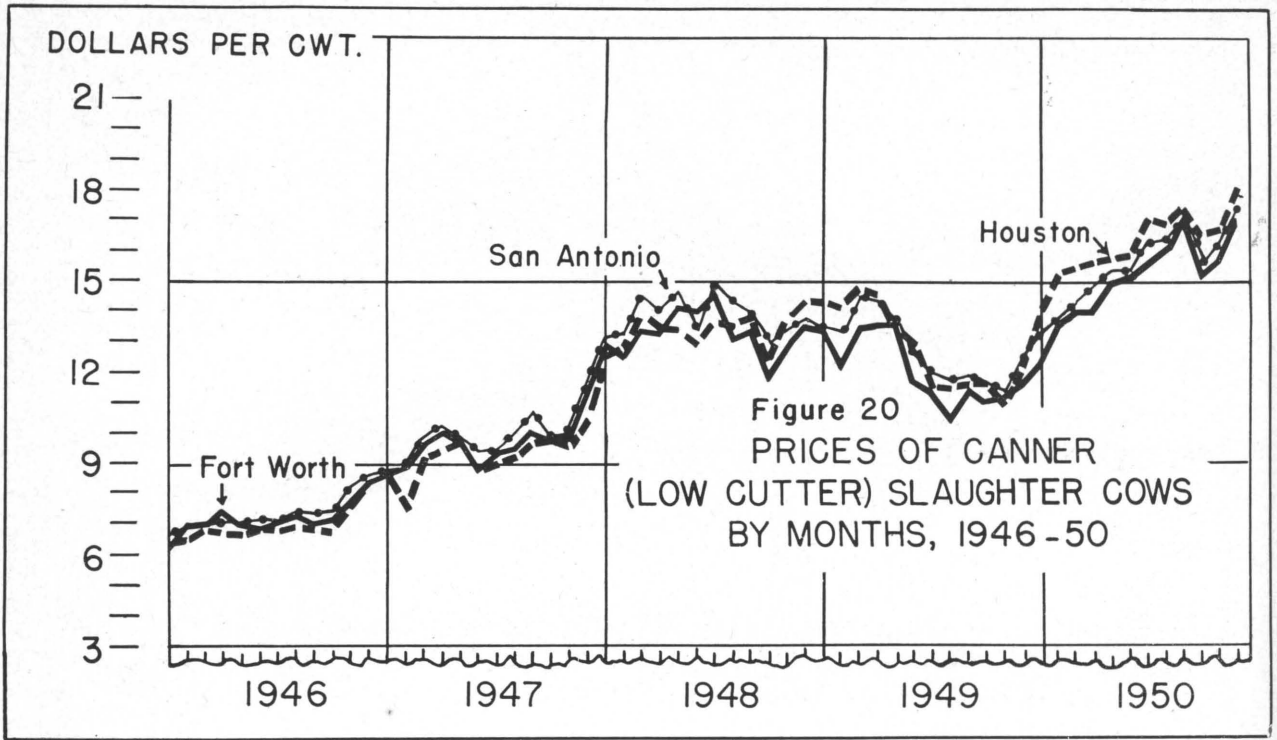
The Fort Worth market paid the highest prices for Good and Choice feeder and stocker steer calves during most of the 1946-50 period while San Antonio prices lagged closely on the average and Houston prices were considerably below (Figure 26). The difference between Fort Worth and Houston varied from less than \$1.00 to over \$3.00. The Fort Worth market has always received a sizable volume of better quality calves suitable for further feeding and it is possible that the increased demand may explain the price advantage.

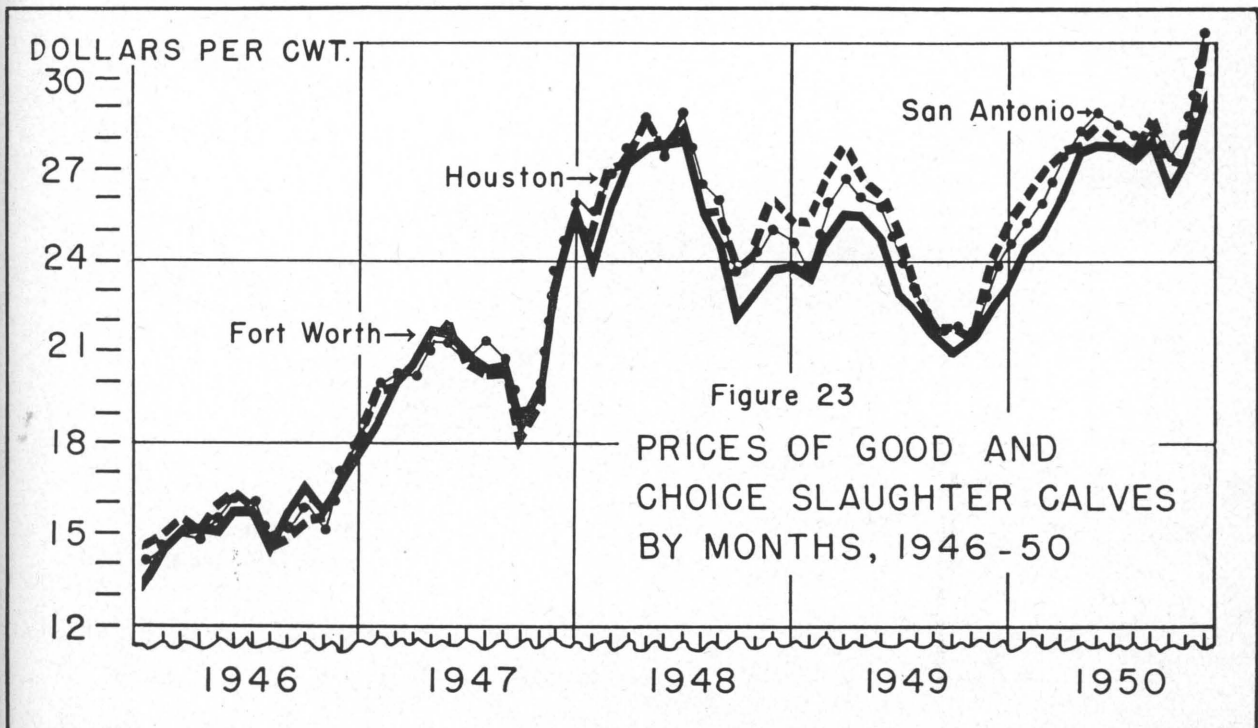
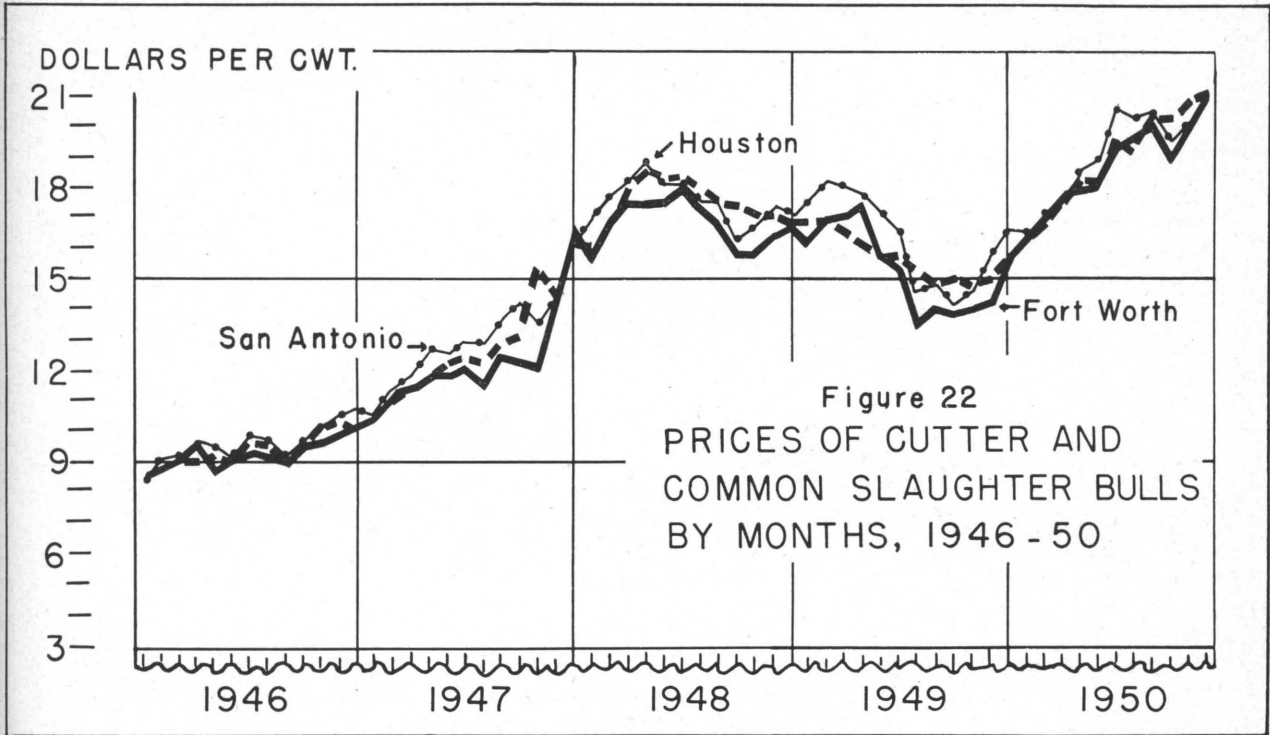
The price situation was quite different for Medium feeder and stocker steer calves with San Antonio prices highest during most of the period, Fort Worth leading during scattered periods, and Houston leading the way during part of 1950. (Figure 27). In each year prices rose in the spring, dropped about midsummer and showed strength again during the fall months. Houston prices tended to be lowest relative to the other markets in the fall of each year and San Antonio prices were relatively highest during the spring and early summer.

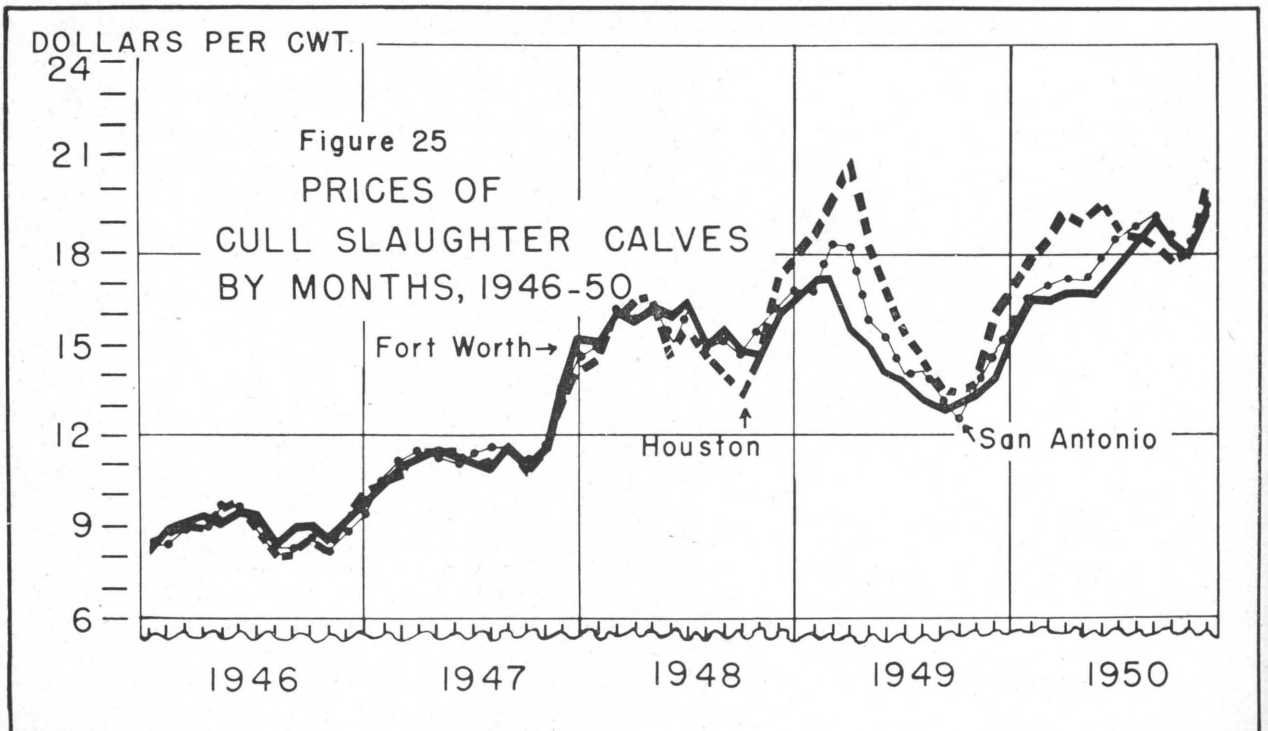
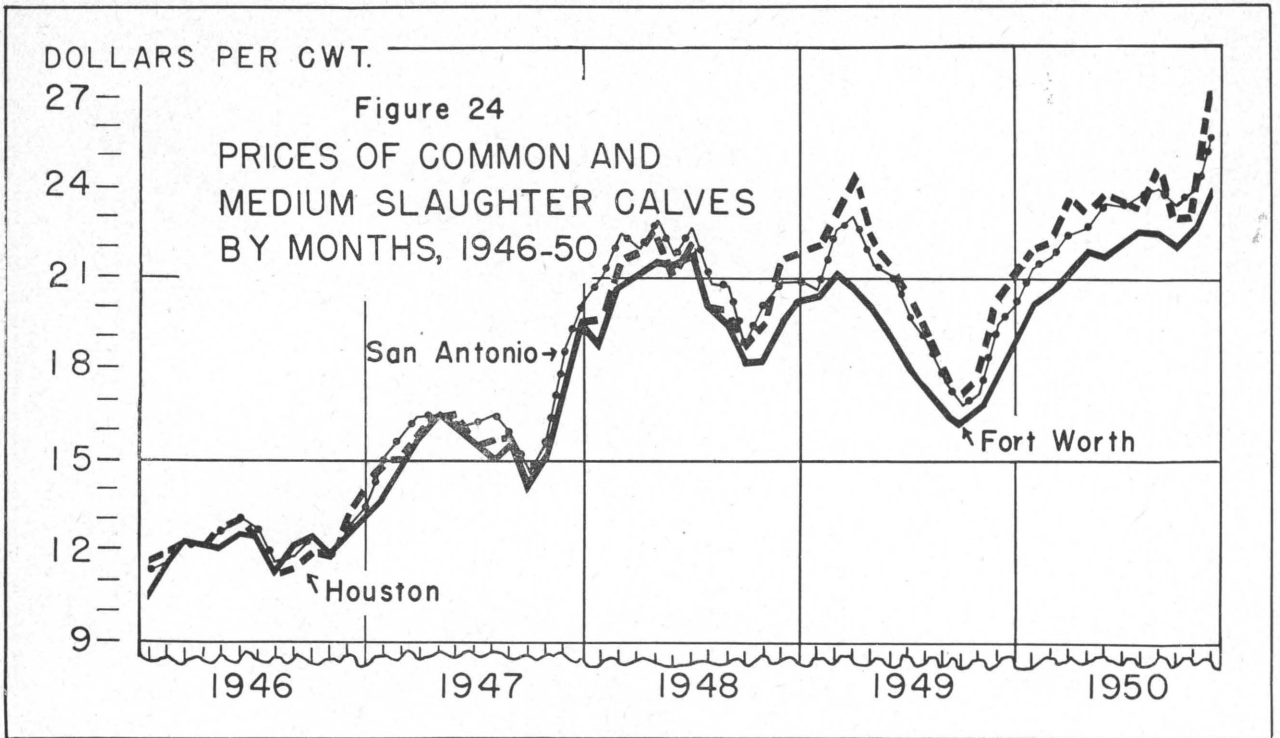


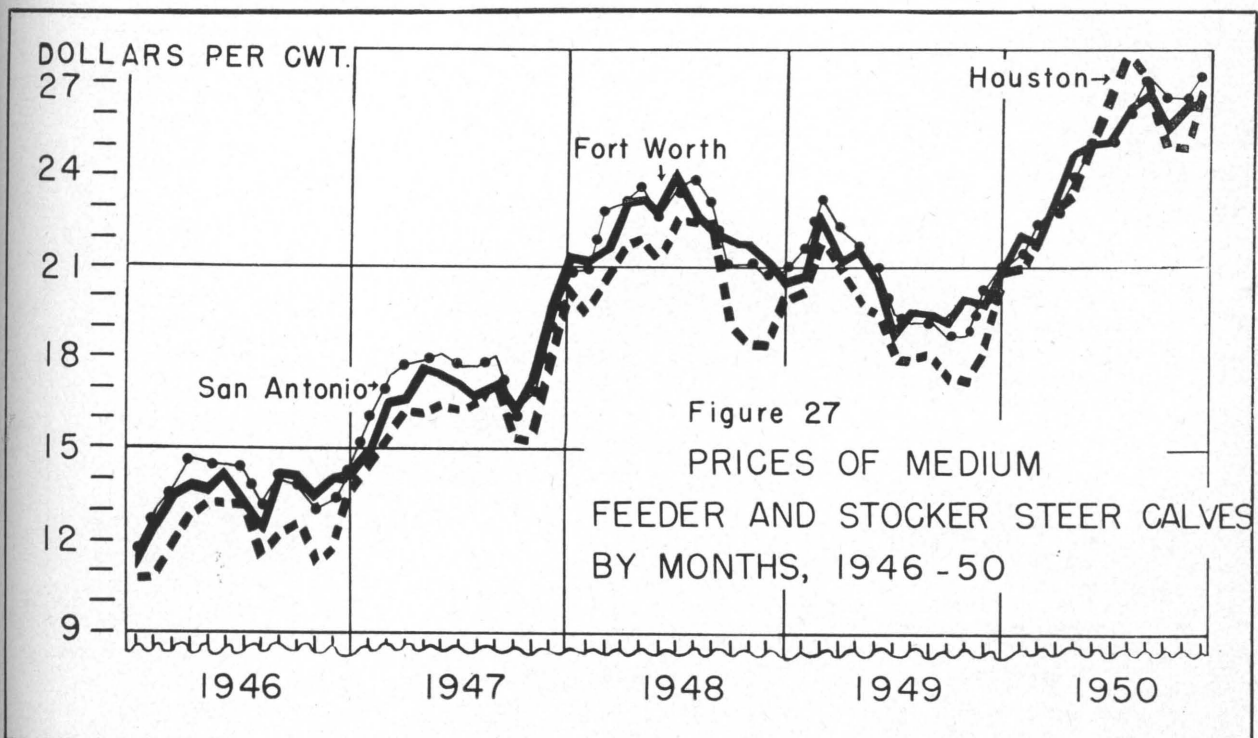
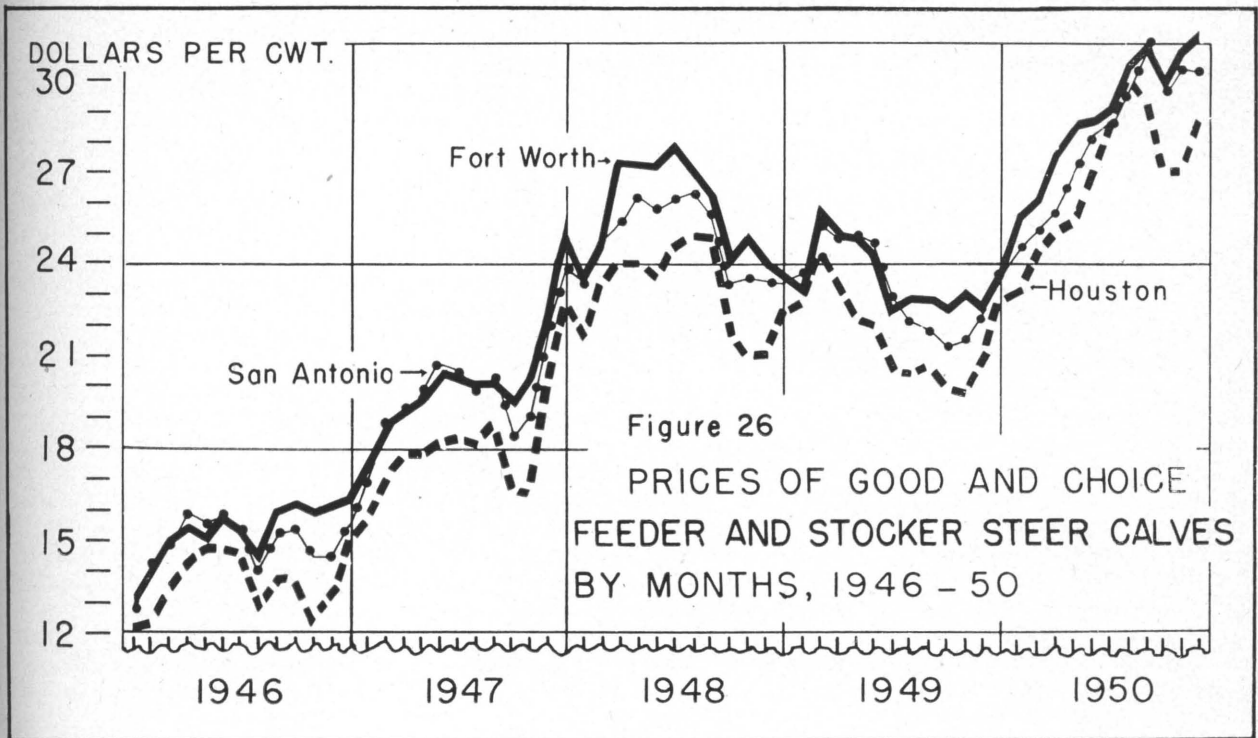












TRANSPORTATION COSTS BY TRUCK AND RAIL

SUMMARY

Price differences in favor of a particular market are of little significance to the stockman if additional transportation costs to that market are greater than the price advantage.

Table 7 gives transportation rates by truck and rail for a variety of distances. At most distances, the advantage is with the rail rate, but in spite of this price disadvantage, trucks have been getting the bulk of the livestock hauling business to the Texas markets. Cattle are usually transported from the farms and ranches by trucks or trailers and it is inconvenient to shift the stock from truck to stock cars except for large lots transported long distances. Trucks also provide more flexibility in moving livestock.

Shippers can figure from Table 7 the approximate costs per hundred pounds of shipping to each of the three markets. If the closest market is also the market paying the highest price for the grade of livestock that the shipper plans to sell, the advantage is, of course, all in favor of that market. If one of the more distant markets is the higher priced market, then the price difference can be compared with the transportation cost difference to determine the most profitable shipping arrangement.

Reports from the Market News Division, Livestock Branch, Production and Marketing Administration, U. S. Department of Agriculture give daily receipts of livestock at the Texas public markets and the prices paid by grade and class for these animals. Current comparison of the market reports indicates to the stockman the comparative prices paid at each market.

During the period 1946-50, differences in prices paid at Fort Worth, Houston and San Antonio for beef cattle are indicated by comparisons of monthly average prices paid for each grade of cattle and calves. These price differences are attributable to supply and demand conditions.

Fort Worth provides the broadest market in Texas for cattle and calves, particularly for steers and heifers. Local demand is not greatly different from that in the other areas of the state but a larger volume of carcass beef passes into interstate channels from Fort Worth slaughterers. Quality price advantages approximate those in the other markets except that Good and Choice slaughter calves brought as much as \$6.00 over Medium.

Beef cattle sold through the Houston market are consumed in the Gulf Coast area. Demand is for light weight beef and for cows and bulls to

Table 7. Transportation rates (cents per 100 pounds) for cattle shipped by truck or rail, Texas, 1949¹

Number of miles	Truck			Rail			
	Truck load	Less than truck load		Slaughter		Feeder and stocker	
	One shipper	One shipper ²	Two or more shippers ³	Cattle	Calves ⁴	Cattle	Calves ⁴
	<i>Cents</i>	<i>Cents</i>	<i>Cents</i>	<i>Cents</i>	<i>Cents</i>	<i>Cents</i>	<i>Cents</i>
10	10.0	40.0	12.0	11.0	12.5	9.5	10.5
20	11.0	44.0	13.0	12.0	14.0	10.0	12.0
30	13.0	46.0	16.0	13.0	15.0	11.0	13.0
40	15.0	48.0	18.0	14.0	16.0	12.0	13.5
50	17.0	40.0	20.0	15.0	17.0	13.0	15.0
75	20.0	55.0	24.0	18.0	20.5	15.5	17.5
100	23.0	60.0	28.0	20.0	23.0	17.0	19.5
125	29.0	62.0	33.0	22.0	25.5	18.5	21.5
150	35.0	63.0	40.0	24.0	27.5	20.5	23.5
175	41.0	65.0	47.0	25.0	29.0	21.5	24.5
200	47.0	67.0	54.0	27.0	31.0	24.0	26.5
250	58.0	74.0	64.0	30.0	34.5	25.5	29.5
300	70.0	86.0	76.0	32.0	37.0	27.0	31.5
350	82.0	97.0	86.0	35.0	40.5	30.0	34.5
400	93.0	106.0	98.0	37.0	42.5	31.5	36.0
450	105.0	114.0	110.0	40.0	46.0	34.0	39.0
500	116.0	123.0	122.0	42.0	48.5	35.5	41.0
600	140.0	151.0	147.0	46.0	53.0	39.0	45.0
700	163.0	174.0	171.0	50.0	57.5	42.5	49.0

¹The mileage scale of rates as shown applies to intrastate transportation and varies with length of trucks and railroad cars.

²Rates apply on less than truck load shipments subject to a minimum charge based on 1,000 pounds at the applicable rate and observing truck load charges.

³Rates apply on less than truck load shipments received at the same loading point from two or more shippers consigned to the same destination.

⁴Calves in single-deck cars.

Source: Railroad Commission of Texas.

be boned for processed meats. The bulk of the cattle sold grade Medium or below. Good cows, Good and Choice slaughter calves, and Good and Choice stocker and feeder calves are available, however, in sufficient numbers to provide a year round quotation. The better grades do not command more of a price advantage above Medium than the price disadvantage for the lower grades below Medium.

The San Antonio market receives cattle falling within a broader range in quality than the Houston market. Local demand is for the lighter weights of carcass beef and for animals suitable for boning. The surplus of better grades is sold outside the San Antonio area. The range in price for the Medium grades of different classes was from \$3.00 to \$7.00 during the 1946-50 period. This is a small range considering the variation in quality and dressing percentage. None of the differences for the individual classes of cattle indicated a large price advantage for quality stock.

Price differences between markets were substantial in some cases and either variable or unimportant in others. San Antonio was the best market for Medium steers, and during most of 1946-50 for Common steers. Fort Worth prices were higher than those paid at Houston for Medium steers, and were higher for Common steers also.

Prices for cows were extremely variable among the markets. There was no consistent relationship for Good cows except that the Houston market was lowest. On the average, San Antonio was highest for Medium cows with Fort Worth and Houston attaining price supremacy for short periods. The same relationship held for Common and Cutter cows. Houston prices were above Fort Worth for Canner cows.

Both San Antonio and Houston paid more on the average for Medium and for Cutter and Common bulls than did Fort Worth. The Fort Worth position was least favorable during the summer and fall and most favorable during the first 4 months of the year.

San Antonio and Houston were above Fort Worth in the average prices paid for Good and Choice and Common and Medium slaughter calves. Houston was the best market for Cull slaughter calves, although at times the other markets had price advantages over Houston.

Fort Worth was the best market for Good and Choice feeder calves, but San Antonio paid the highest prices for Medium calves. Houston prices were especially unfavorable in the fall.

Transportation costs are an important factor in selecting livestock markets. Stockmen need to take transportation costs into account in arriving at the actual price situation among the markets.

More Details Available

Detailed price information used in preparing the figures in this publication are available in a separate mimeographed report. Copies of these tables may be obtained from the Publications Office, Texas Agricultural Experiment Station, College Station, Texas.

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