

Prices Paid for Registered Herefords at Auctions in Texas, 1915-52

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PREFACE

This publication summarizes the prices paid for registered Herefords at auction in Texas from 1915 through 1952. It shows the relation between these prices and other economic factors. All price forecasts are difficult and prices of registered Herefords are no exception. Knowledge of past relationships, however, gives some clues to future trends.

The information on price trends was obtained from sales of registered Herefords at auction as reported in The Hereford Journal. These sales are the best publicized aspect of the Hereford industry. Many sales are made by private treaty, but complete records are not available of these transactions.

Nationally, over two-thirds of the beef cattle registered in 1952 were Herefords. Available data indicate that the proportion of Hereford registrations in Texas was even greater.

Data compiled for this breed should be useful as a guide to the price trends for the registered beef cattle industry as a whole.

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Prices Paid for Registered Herefords at Auctions in Texas, 1915 - 52*

Harry L. Williams and John G. McNeely**

ALL THE MAJOR BEEF BREEDS have been grown in Texas, and the Hereford has become the most popular under range or semi-range conditions. In the early days of the Texas cattle industry, ability to withstand hardships was an essential quality for range cattle. No feed was available except that provided by the range itself, and during drouths and severe winters a little grazing had to go a long way. Herefords met these conditions successfully, and the "white face" became the trademark of Texas cattle.

Texas cattle raisers have been heavy buyers of Hereford bulls in the Midwest for nearly a century, and the population of registered Herefords in Texas has increased steadily. At the present time, Texas is the leading state in the number of Herefords registered annually.

Herds of registered Herefords in Texas may be divided roughly into two classes—those which supply bulls especially for use in grade or commercial herds, and those which supply breeding stock for other registered herds. Among the

*This publication is derived from a thesis entitled "Trends in Prices of Purebred Hereford Beef Cattle in Texas" submitted to the faculty of Texas A & M College by Harry L. Williams in partial fulfillment of requirements for the degree of Master of Science, 1952.

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former are to be found many of the largest herds of registered Herefords in the world, with hundreds of calves recorded annually. Other hundreds, though eligible for registration, are thrown into grade herds and are sent to market as grass fat or feeder cattle.

The story of the registered Hereford breeding industry in Texas is closely interwoven with the commercial cattle industry of the State. Many of the early herds of registered Herefords were maintained by the big range cattle outfits for the purpose of supplying bulls for their own herds. Until comparatively recent years, there were few breeders in Texas who raised registered Herefords exclusively.

The Texas Hereford Association was founded in 1899 with its headquarters at Fort Worth. The primary purpose of this organization was to assist the breeders in improving their registered Hereford herds. This purebred association was the only one in Texas that functioned continuously through the thirties.

The Association serves the breeders through advertising, shows, sales, tours and educational programs. Field services of the Association are offered to new and prospective breeders of registered Herefords. It assists the cattlemen in improving their herds and promotes the sale of their Hereford cattle.

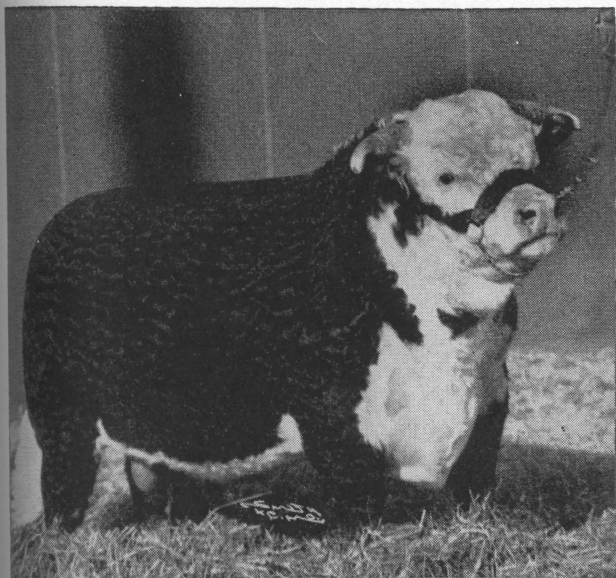


Figure 1. Half-interest in MW Larry Domino 107th was sold for \$80,000 by Honey Creek Ranch, Grove, Okla., to Bridwell Hereford Ranch, Wichita Falls, Texas. This bull was sired by Larry Domino 50th, which was produced on the Bridwell ranch.

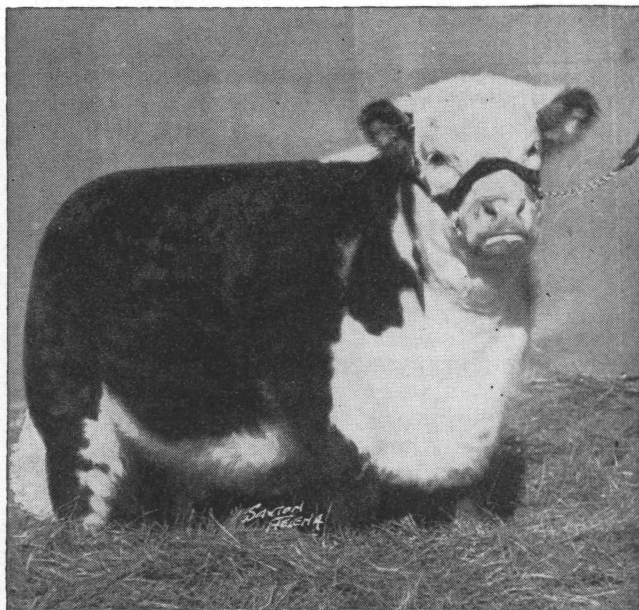


Figure 2. LS Blue Bonnet 308th, top female of the 1952 Southwestern Exposition sale. Sold for \$8,500 by Roy R. Largent & Sons, Merkel, Texas, to Herschede Ranch, Hereford, Ariz.



Figure 3. EG Royal Mixer 2215th, reserve champion bull 1951 Southwestern Exposition, champion at the 1950 State Fair of Texas and first at the American Royal, sold for \$28,000 by Hardy Grissom Ranch, Abilene, Texas, to Harrisdale Farms, Fort Worth, Texas, in the 1951 Southwestern Exposition Hereford sale.

MARKETING REGISTERED HEREFORDS

The breeder of the registered Hereford must find his own market and build a demand for his cattle. In this respect, the marketing of registered cattle differs from the marketing of commercial cattle in that there are no central markets for registered stock.

Registered beef cattle sell on the basis of their estimated value for reproductive purposes, rather than for their value per pound for beef. Minor differences in bloodlines, or in physical characteristics may result in wide differences in the sale prices for different animals. Marketing registered breeding stock requires a specialized kind of salesmanship that is closely related to that employed by manufacturers of commercial products.

To breed and develop superior registered beef cattle is not all that is necessary to make the business a success. Intelligent and progressive marketing methods must be employed to create a demand and insure a price for the product commensurate with the cost of production and the true value of the stock for reproductive purposes. Selling surplus animals from the registered Hereford herd is often the most perplexing problem confronting the breeder.

There are several accepted methods by which registered Herefords may be sold. The first, sale by private treaty, is used to sell 85 to 90 percent of all the Herefords sold annually, according to the American Hereford Association. Buyers are attracted to the breeder's farm by his reputation, his advertising, his farm or ranch sign or by seeing the cattle at the shows or in

his lots or pastures. Other private treaty sales are made by breeders setting up special days or weeks when visitors and buyers are invited and cattle are assembled for inspection and purchase.

Sale by private treaty has the advantages of being less expensive, of displaying the animals under more nearly normal conditions and of providing for a more satisfactory inspection of the cattle. Disadvantages are that the producer takes full responsibility for attracting potential buyers to the ranch and for selling each animal at a good price.

A second method of sale used by Hereford breeders is the consignment sale. This is an auction to which several Hereford breeders consign animals. Sales of this type are held under the auspices of local and state Hereford breeders' associations. There are 25 to 30 such sales held in Texas annually. Several of them had their beginning almost a half century ago. These sales provide an outlet for the small breeder who has too few head to hold an auction of his own. Consignment sales are also held in connection with such shows as the Southwestern Exposition and Fat Stock Show at Fort Worth, the San Antonio Livestock Exposition and the Houston Fat Stock Show and Livestock Exposition.

Another method of sale used by the breeders is the individual breeder's auction. An individual with 35 or more head to sell may hold an auction at his ranch or at some nearby town. Many registered Hereford breeders have their own sales pavilion.

Auctions have become an important part of registered marketing. No other method of sale



Figure 4. UR 5th Blue Bonnet 2d, second prize senior calf at the 1952 American Royal, sold for \$3,350 in the W. J. Largent & Son sale, Merkel, Texas, Nov. 15, 1952, to J. H. (Dizzy) Dean Ranch, Kaufman, Texas.

has done more to promote the industry. The auction has a certain advertising value even when it is not considered financially successful.

The advantages of auctions are numerous. Competition is generally strong and higher prices are usually obtained than could be realized by other methods. People will attend and buy who could not be interested in any other way. Auctions make it possible for small breeders to place their animals before the public, where otherwise they might not have the opportunity. The great amount of publicity generated by auctions adds prestige to the owner's herd and to the individual animals selling for outstanding prices.

An uncommon method of selling registered Herefords is by mail order. Some buyers prefer to order a bull or female from reputable breeders or order buyers whom they know, rather than make a trip to inspect the offerings.

Breeders with large herds may use all of these sales methods in the course of a normal year's business.

GROWTH OF REGISTERED HEREFORD AUCTIONS IN TEXAS

The first registered Hereford auction sale of which there is a record was held in Kansas City, Missouri, in September 1884. The first recorded registered Hereford auction sale in Texas was held in 1915. However, the major growth of auctions in Texas did not take place until 1929 when 12 auctions were held (Table 1). There was a steady growth of this type of sale until 1945 when a peak of 54 sales was recorded. Thirty-seven Hereford auction sales were held in Texas in 1952.

The rate of development of Texas auctions was very slow during the first two decades of this century. For a number of years, the registered Hereford breeding industry was closely interwoven with the commercial cattle industry of the State. The large range cattlemen maintained registered herds primarily for the purpose

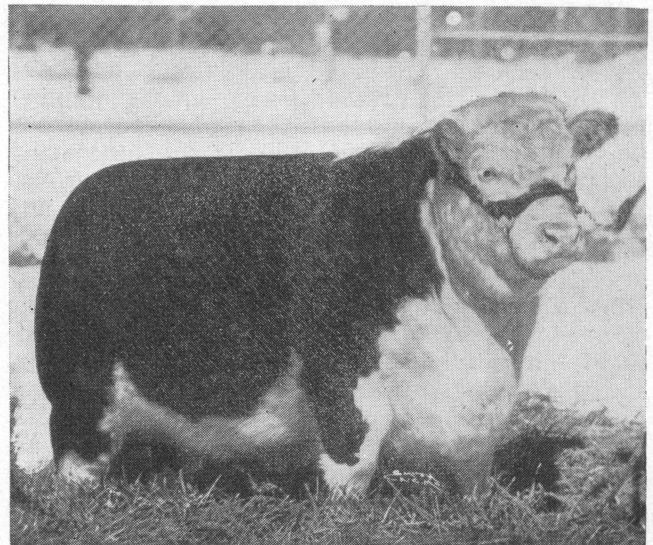


Figure 5. Miss Larette, reserve champion female, 1950 International and State Fair of Texas, champion female 1951 Great Western and 1951 Southwestern Exposition, sold for \$11,100 in the Jim Herring sale, McGregor, Texas, to George Nance, Canyon, Texas.

of supplying bulls for the improvement of their range cattle herds. This provided little demand for registered Herefords among the breeders and, as a consequence, there was little need for auctions.

The few breeders maintaining registered herds exclusively were at a unique disadvantage because of the fever tick infestation in Texas. They were constantly in danger of losing valuable animals brought in from above the quarantine line.

The association or consignment auctions predominated during the early period of development of the industry in Texas. A few breeders held auctions for purposes of herd reduction and in some instances for dispersal sales. Most of the breeders, however, operated on too small a scale to hold annual auction sales from their own herds, and they joined together in consignment sales.

The total number of auctions held annually in Texas was below 10 until 1929 when there were 12 auctions. The early Texas sales were in a stage of development. Average prices were lowered to some extent at individual sales because the cattle were not in sale or show condition. Poor judgment was exercised many times by auction managers in selecting the dates for auctions. In spite of these varied complications the average prices received in Texas at auctions from 1914 through 1920 were about as high as the average prices for the country as a whole, according to John M. Hazelton in his "History and Handbook of Hereford Cattle."

Immediately after 1920, the registered Hereford industry of the nation suffered gradually

Table 1. Annual registered Hereford auctions, Texas and United States, 1915-52

Year	Texas	U. S.	Year	Texas	U. S.
	Number	Number		Number	Number
1915	2	58	1934	5	75
1916	2	88	1935	15	149
1917	3	134	1936	22	149
1918	2	182	1937	16	171
1919	3	292	1938	29	189
1920	5	283	1939	31	195
1921	7	125	1940	48	220
1922	1	94	1941	36	240
1923	8	100	1942	41	286
1924	5	49	1943	42	329
1925	3	43	1944	46	460
1926	7	51	1945	54	513
1927	8	41	1946	53	583
1928	7	61	1947	41	560
1929	12	57	1948	25	537
1930	8	60	1949	30	561
1931	10	55	1950	35	573
1932	6	49	1951	32	585
1933	15	76	1952	37	795

decreasing prices. The impact of this decline was not evident in Texas until 1923 (Table 2). Prices declined still more in 1924 and there was a drop from the preceding year in the number of consignment auctions. The principal reason was the over supply of animals on the market relative to the existing demand. Prices improved slightly in 1925, while the number of bulls and females sold declined considerably.

The registered cattle industry enjoyed relative prosperity during the next 5 years. The total number of auctions, including both consignment and individual breeder types, increased during this period. There was a heavy demand for good sires, which in turn led to increased prices. A new sales record was established with an average price of \$673 for 50 head in 1928 at the Southwestern Exposition and Fat Stock Show in Fort Worth.

This profitable period did not last long. Average prices began to decline in 1929 and dropped to the lowest level in 1933, with an average of \$111.

The total number of sales decreased in 1934 but there was a decided rise in prices received by Hereford breeders. The registered business recovered slowly after 1934, with the numbers of animals sold at auction increasing somewhat and prices for all animals averaging between \$200 and \$300 for the entire period 1934-38.

The beginning of a new higher priced period for the registered Hereford breeders occurred in

Table 2. Registered Herefords sold at Texas auctions by sex and average price, 1915-52

Year	Bulls		Females		Total	
	Animals sold	Average price	Animals sold	Average price	Animals sold	Average price
	Number	Dollars	Number	Dollars	Number	Dollars
1915	46	250	44	205	90	223
1916	81	384	22	328	103	372
1917	143	370	27	342	170	365
1918	111	403	37	380	148	397
1919	77	444	71	360	148	404
1920	115	449	88	364	203	412
1921	118	254	208	260	326	258
1922	7	412	42	270	49	305
1923	186	204	98	181	284	196
1924	131	191	123	103	254	152
1925	96	216	33	256	129	226
1926	143	313	139	299	282	306
1927	180	334	165	304	345	320
1928	176	355	80	468	256	390
1929	323	359	325	333	648	346
1930	342	292	87	384	429	313
1931	296	238	81	198	377	227
1932	228	142	26	176	254	145
1933	367	116	109	93	476	111
1934	132	252	35	204	167	242
1935	496	240	115	304	611	252
1936	390	256	481	218	871	238
1937	372	240	429	232	801	234
1938	992	201	567	235	1,559	213
1939	709	264	886	337	1,595	304
1940	759	336	952	330	1,711	332
1941	654	431	1,054	399	1,708	411
1942	608	562	1,343	405	1,951	454
1943	1,024	404	1,903	455	2,927	437
1944	1,025	451	1,096	472	2,121	462
1945	971	526	1,860	494	2,831	507
1946	1,207	633	2,298	456	3,505	517
1947	917	578	1,995	472	2,912	505
1948	551	626	983	487	1,534	537
1949	558	589	712	470	1,270	523
1950	891	791	1,158	530	2,049	643
1951	1,399	854	942	773	2,341	821
1952	1,944	644	1,548	567	3,492	610

1939. The demand for beef was growing rapidly and was reflected in a need for a more efficient beef animal. This could be attained in part by continued improvement of the commercial herds through the use of registered sires.

There was a predominance of individual breeder auctions in 1939. A new high was established that year when the Harrisdale Farms of Fort Worth sponsored an auction of 48 head and realized an average of \$768.

Of the 220 auctions held in 1940 in the United States, 48 were held in Texas. More than half of these auctions were consignment sales. There were no outstanding prices paid at registered auctions in Texas in 1940 and the average price paid was \$332 per head.

The year 1941 was a prosperous one for the registered Hereford breeders of Texas. Several sales averaged more than \$500 per head, and the Largent Ranch near Merkel, Texas, sold 108 Herefords for an average of \$816. A new record price of \$11,100 was paid for Publican Domino 10th at this sale.

Several new associations had their initial sale during 1941. In some instances the average prices at the new sales were well below the State average of all sales for the year. This was due to such factors as inexperience in arranging auctions, lack of knowledge in preparing animals for auction, insufficient advertising and sale of animals with an unknown background. The average sale price for the year, however, was very near the previous high established in 1920. A total of 1,708 Herefords was sold through the auction rings at an average price of \$411.

The upward trend in registered beef cattle prices continued in 1942 when an average price of \$454 was established. Of the 286 Hereford sales held in the United States during 1942, Texas had 41. The top auction average price since 1920 was established by the Silver Creek Farms of Fort Worth in 1942. A total of 50 bulls and females sold for an average of \$1,334. Real Silver Domino 32d, sired by Real Domino 51st, sold for \$12,500. This high mark was soon surpassed by the same breeder. A dispersal sale was held later in the year and Silver Anxiety 2d sold for \$15,000. The dispersal sale average for the herd of 213 head was \$824.

A total of 2,927 registered Herefords was sold at auction in Texas during 1943. The average of the year was \$437 per animal, which was slightly below the previous year's high of \$454. This was partially attributable to drouth conditions in the State and to the lack of adequate labor on the ranches. In areas where the drouth prevailed, animals were presented in the auction ring in range condition, which lowered their sale price. Many breeders maintain that they do not like sires in prime condition, but they continue to bid higher prices on animals in top show form



Figure 6. Half-interest in Larry Mixer Domino 41st sold for \$21,500 in the recent Texas-Oklahoma Hereford Association sale by Bridwell Hereford Ranch, Wichita Falls, Texas, to Al Buchanan, San Antonio, Texas. Soon after the sale, Mr. Buchanan died and the half-interest of his estate was bought for \$21,500 by the Payne Hereford Ranch, Waurika, Okla., which had been runner-up in the bidding.

and restrict their bidding on animals in working condition.

Forty-two auctions were held in Texas during 1943. Though prices were exceptionally good, no records were broken. This may have been an indirect result of the price control measures on other commodities brought about by World War II.

A total of 460 auctions were held in the United States during 1944, and 46 of this number were in Texas. Demand for both bulls and females was good and their average prices were unusually close together. The Flat Top Ranch of Walnut Springs sold 45 head for an average price of \$1,232. The highest price at this sale was \$4,000 paid for a female. These favorable prices could be attributed to the uniform quality of and high demand for the breeder's animals. A price of \$23,600 was paid for Real Prince Domino 51st at the Harrisdale Farms' auction sale in January 1944. An average price of \$871 was paid for 87 registered Herefords sold at the auction.

A new high in the total number of auctions held in Texas was established in 1945. Of a total of 513 consignment and individual breeder auctions held in the United States, 54 sales were held in Texas. This was the high mark in number of auctions in Texas for the period of this study. A total of 2,831 registered Hereford cattle sold for an average price of \$507.

Four sales, each selling 50 or more Herefords, had an average price of \$1,000 or better

in 1945. Fourteen auctions gained sale averages above \$500 per animal. There were 971 bulls and 1,860 females sold. There were more new annual sales in 1945 than in any previous year of the study. However, the 54 auctions included three dispersal sales. Two of the three sales were of well established, quality breeding herds.

Another year of great activity in the Hereford industry was 1946. There was one sale less than in the previous year but the annual average climbed to \$517 per head. A total of 3,505 registered beef cattle was sold. Four individual breeder auctions averaged above \$1,000 per head in 1946. The Silvercrest Hereford Farms of Fort Worth sold 449 head with an average price of \$1,062. This sale established a new record price for an American-bred beef bull when Real Silver Domino 44th sold for \$52,000. His sire, Real Domino 51st, had established a previous record price of \$23,600. A unique sale of 88 bulls at the Flat Top Ranch near Walnut Springs made an average of \$1,147. The bull, Beau Zento T. 36th, sold for \$50,000. Though this was a period of exceptionally high prices, there were seven dispersal sales.

There was a decline in the number of sales in 1947 with only 41 recorded. The average price per head also decreased but the drop was not as great proportionally as that in the number of sales. A new high auction average price was established by the OJ Ranch of Lampasas. Fifty-three registered Herefords sold for an average of \$1,854. The top price of the sale was \$22,000, which was paid for the herd bull OJR Royal Prince. Of the total of 41 sales held in 1947, there were six dispersal sales. There were 1,995



Figure 7. EG Royal Mixer 215th, first junior bull calf at the 1952 Southwestern Exposition and top bull in its sale. Sold for \$14,000 by Hardy Grissom Ranch, Abilene, Texas, to J. B. Pumphrey, Old Glory, Texas, and Guy Caldwell, Abilene, Texas.

females sold while only 917 bulls went through the auction ring. However, the average price gained by the bulls was \$578 while the females brought \$472. The price trend continued upward in 1948, although the total number of auctions dropped to 25. Five of these were dispersal sales.

State-wide drouth conditions caused the yearly average price for 1949 to decline. The total of 1,270 animals was the lowest number of Herefords to be sold through auctions in any year since 1937.

There seemed to be more selection in particular blood lines during this period, for the annual consignment auction of Anxiety Hereford breeders at Amarillo had difficulty in obtaining an adequate number of animals from its consignors for the annual sale. Association members reported that the demand for Herefords was unusually strong in their particular areas and the prices received at private treaty were very favorable.

The Southwestern Exposition and Fat Stock Show at Fort Worth gave 1950 a very impressive beginning. An average price of \$1,119 for 100 Herefords was established. The top price paid at this consignment sale was \$10,000 for Prince Publican 105th. This favorable price trend continued throughout the year with a total of 2,049 registered Herefords being sold at an average price of \$643.

The highest prices paid at any Texas Hereford sale in 1951 were at the Texas-Oklahoma Hereford Association sale at Wichita Falls. Prices averaged \$2,145 for bulls and \$1,804 for

females. Herefords sold at the Southwestern Exposition and Fat Stock Show averaged \$1,682 for another exceptionally high average. Average prices at the 32 sales held, of \$854 for bulls and \$773 for females, were considerably higher than for any previous year.

Prices paid for registered Herefords at auctions in 1951 reflected generally prosperous agricultural conditions. All cattle prices were particularly high due to the large amount of restocking taking place on farms and ranches. This year represents the peak of the postwar boom in cattle prices.

The price decline in 1952 was considerable for the year as a whole. Prices at auctions early in the year were comparable with 1951, but later sales showed a definite price decline. Average prices at 37 auctions for the year, of \$644 for bulls, \$567 for females and \$610 over-all, were about 25 percent below 1951.

A number of factors contributed to the price decline. Many parts of Texas experienced protracted drouth during part or all of 1952 and in some areas this condition had existed for two or more years. A severe break in beef cattle prices late in 1952 contributed to the break in registered Hereford prices. Falling agricultural prices in general caused a lessening of price optimism and buyers bid much more cautiously. At the same time, numbers of animals offered for sale at auctions increased and this may have had some effect. The price drop in 1952 indicates the extent to which registered cattle prices are correlated with other agricultural prices.

Figure 9 shows the location and distribution of registered Hereford cattle auctions in 1952. The major concentration appears in the Panhandle, the central Rolling Plains and Grand Prairie, and in the eastern portion of the Edwards Plateau.

PRICE RELATIONSHIPS FOR REGISTERED BEEF CATTLE

Registered beef cattle prices are affected by a wide range of factors. Net incomes of the cattlemen, prices of farm and ranch land, beef steer prices and seasonal factors tend to exert considerable influence on the prices paid for registered beef cattle.

While the number of animals included in the reports of auction sales represents a relatively small proportion of all transactions, it is believed that the prices obtained at the reporting auctions indicate fairly satisfactorily the trend of registered beef cattle prices.

Prices of Bulls and Females

Prices of registered Hereford bulls and females tend to rise and fall together, although not uniformly (Figure 10). During the period

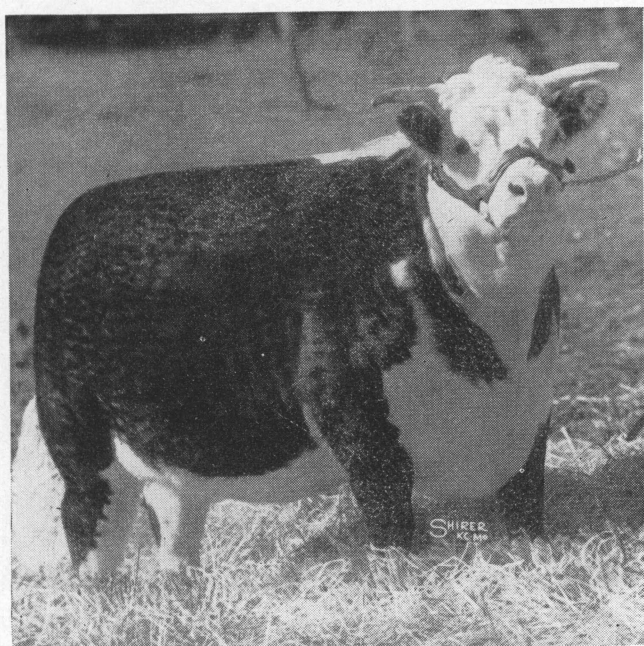


Figure 8. Blue Bonnet Domino 201st, sold for \$3,800 in the W. J. Largent & Son sale, Merkel, Texas, Nov. 15, 1952, to O. C. Sikes & Sons, Ballinger, Texas.

1915-24, with one exception, prices of bulls were higher annually than the prices of females. There was a greater demand for bulls during this period, as the average price indicates.

From 1920 to 1924, prices declined annually for both bulls and females, except in 1922, when average prices for both bulls and females made a slight gain. Texas was not unique in having declining prices during this period, for the Hereford industry of the nation experienced the same situation.

Beginning in 1925, prices of both bulls and females began to move upward and continued to

advance through 1928. The increase in prices and in numbers sold during this period was greater for Hereford females than for bulls. This could be attributed to the gradual expansion of the industry in Texas and the creation of more breeding herds of registered livestock.

Prices of females dropped sharply from 1929 through 1933 and were about equal to prices of bulls in each year. Price recovery was slow until 1939 because of relatively unstable business conditions.

From 1940 to 1950, the average prices of bulls was consistently higher than that of females,

HEREFORD CATTLE AUCTIONS 1952



Figure 9. Distribution of Texas registered Hereford auctions, 1952.

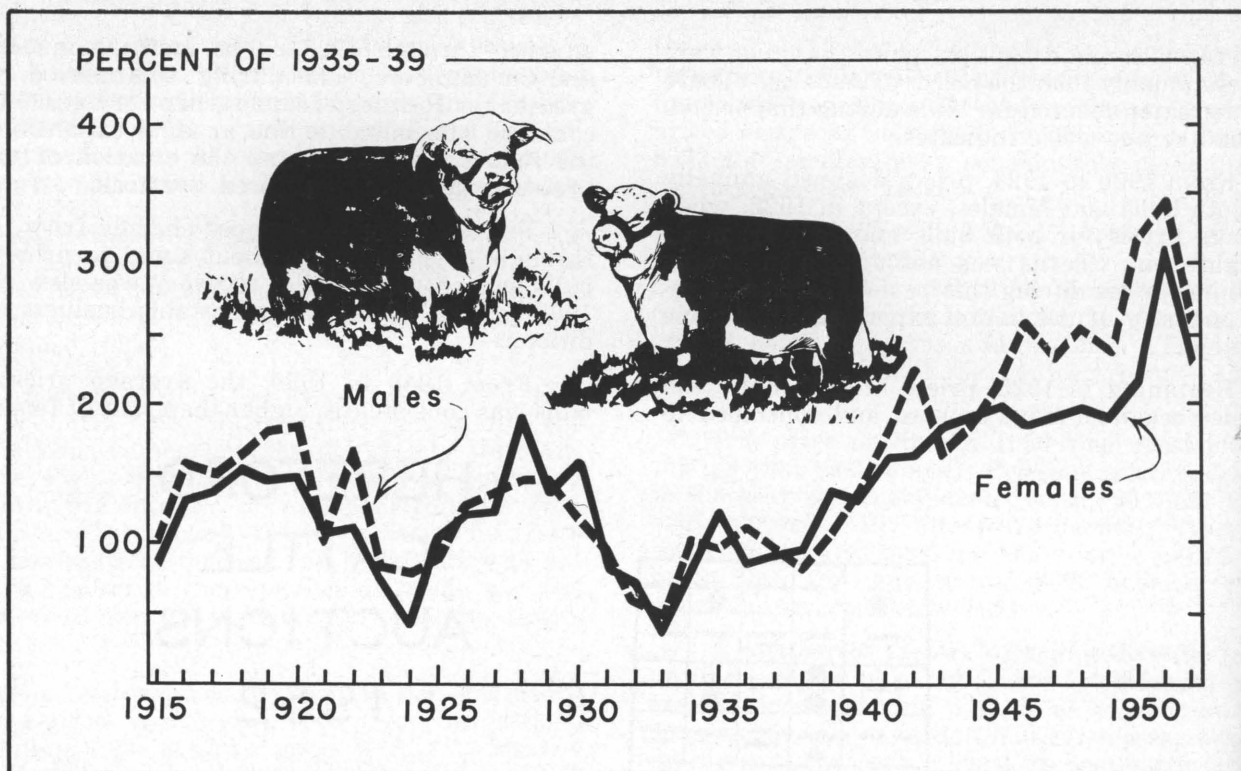


Figure 10. Average prices received at Texas auctions for registered Herefords, by sex, 1915-52.

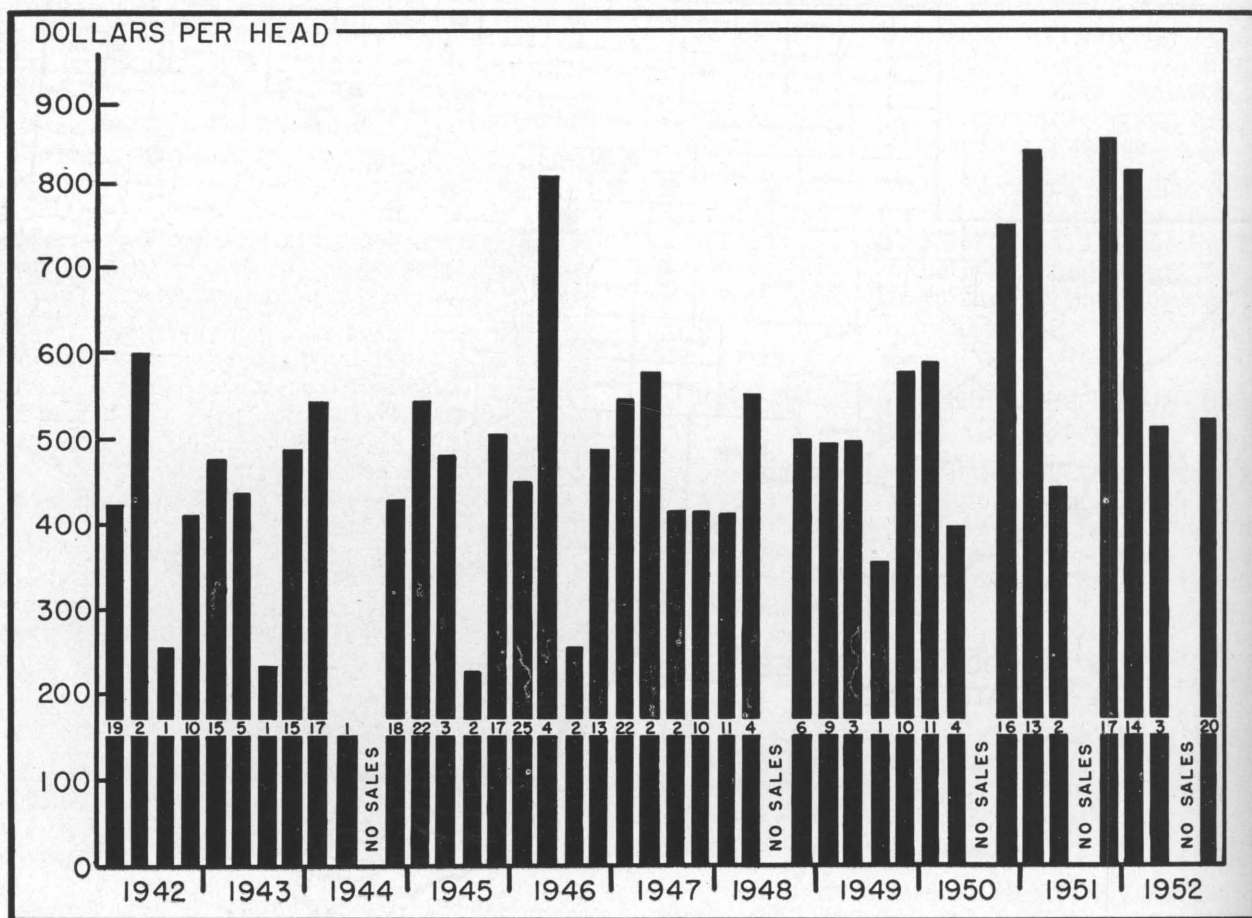


Figure 11. Average prices received at Texas auctions for registered Herefords, by quarters, 1942-52.

with the exceptions of 1943 and 1944. During this period, the demand for quality herd bulls was continually high. Three bulls sold for \$50,000 or more. This parallels the price relationships occurring during World War I. Prices of bulls are more susceptible to inflationary influences than are prices of females.

Price Variations by Seasons

Care should be exercised in interpreting within-the-year differences in average prices of registered Hereford cattle sold at auction. For the period 1942 through 1952, the third quarter of the year had the lowest average price in 10 of 11 years. In 5 years of this period, there were no sales recorded for the third quarter (Figure 11). There was considerable variation by years among the three other quarters with respect to highest average prices, but they tended to occur in the first or second quarter.

Higher prices during the first two quarters of the year can be attributed to several factors.

Table 3. Sales of registered Herefords by sex and price, 1942-52

Year and quarter	Bulls			Females		
	Animals sold	Total value	Average price	Animals sold	Total value	Average price
	Number	Dollars	Dollars	Number	Dollars	Dollars
1942						
First	445	202,265	454	530	206,990	391
Second	18	41,070	228	342	174,992	512
Third	11	3,405	310	95	23,555	248
Fourth	134	71,664	535	376	138,163	367
1943						
First	434	218,230	503	440	251,110	571
Second	288	108,005	375	572	337,426	590
Third	16	5,770	361	97	20,837	215
Fourth	302	141,445	468	527	257,221	488
1944						
First	539	283,377	524	480	264,348	551
Second	104	14,815	142	50	7,945	159
Third	0	0	0	0	0	0
Fourth	287	125,242	433	566	240,138	424
1945						
First	599	299,810	501	503	321,565	639
Second	40	19,105	478	510	245,045	480
Third	22	12,225	556	113	24,170	214
Fourth	320	186,031	581	704	329,340	468
1946						
First	651	299,405	460	697	304,190	436
Second	112	220,575	197	743	468,240	630
Third	76	20,640	272	374	93,745	251
Fourth	311	217,093	698	494	179,544	363
1947						
First	588	332,422	565	859	467,120	544
Second	31	47,860	154	317	153,775	485
Third	82	57,960	707	575	213,230	371
Fourth	202	81,860	405	235	96,025	409
1948						
First	351	171,165	488	438	154,005	352
Second	56	81,385	145	480	236,935	494
Third	0	0	0	0	0	0
Fourth	144	92,230	640	219	82,270	376
1949						
First	276	140,430	509	144	68,927	479
Second	28	34,740	124	278	116,425	419
Third	1	1,000	1,000	47	16,010	341
Fourth	253	133,111	526	243	133,541	550
1950						
First	416	273,780	658	259	123,225	476
Second	34	13,120	356	271	107,470	397
Third	0	0	0	0	0	0
Fourth	441	417,570	947	628	382,990	610
1951						
First	583	502,420	862	205	154,824	755
Second	62	27,200	439	58	25,580	441
Third	0	0	0	0	0	0
Fourth	754	664,890	882	679	547,900	807
1952						
First	789	651,575	826	227	173,519	764
Second	41	26,545	647	402	199,865	497
Third	0	0	0	0	0	0
Fourth	1,114	574,350	516	919	504,059	548

A greater number of annual consignment sales are held during the first half of the year. Animals of superior quality are sold at these auctions and this helps to maintain a high quarterly average. Leading fat stock shows, consignment sales and individual breeder auctions are normally held during the first two quarters of the year. With only four exceptions, the first quarter accounted for the greatest number of cattle sold each year. These exceptions were divided equally between the second and fourth quarters.

Except in 1948, average prices were lowest in periods with the smallest number of auctions. The principal reason for a different result in this year was the high prices paid at two dispersal sales. Each of these sales consisted of top registered cattle and each included a large number of head.

Numbers sold and prices of bulls and females were tabulated separately by quarters for the 11-year period, 1942-52. The number of females sold varied from quarter to quarter with none ranking consistently highest (Table 3). For the 11 years tabulated, the first quarter was high for 2 years, the second quarter for 4 years, and the fourth quarter ranked first for 5 years.

The quarterly high average price was as inconsistent as was the number sold per quarter. The first quarter averaged highest 5 of the 11 years studied, the second quarter 4 times and the fourth quarter gained the top position twice. The summer or third quarter consistently had the low average for each year.

The seasonal variation in sales of registered bulls was not nearly so great as for females. In 8 of the 11 years studied, the greatest number of registered beef bulls was sold during the first quarter of the year. The exceptions were 1950, 1951 and 1952, when the fourth quarter ranked first and the first quarter ranked second.

The top quarterly average price for bulls was gained most consistently during the fourth quarter. Fall ranked first for 7 of the 11 years, with the first quarter attaining top prices three times and the third quarter once. This exceptionally high average for the third quarter was caused by the dispersal sale of two of the top registered beef herds in Texas. The herd sires were in high demand and averaged \$.707. A total of 82 bulls was sold during this quarter. For the same year, a total of 588 bulls sold during the first quarter for an average price of \$565.

Prices of Slaughter Steers and Registered Beef Cattle Prices

Prices of registered beef cattle in Texas and prices of beef steers at Chicago fluctuated similarly from 1924 to 1938 (Figure 12). Registered beef cattle prices are closely associated with prices of slaughter animals during normal and low-price periods. That is, meat prices set an effective floor to registered beef cattle prices,

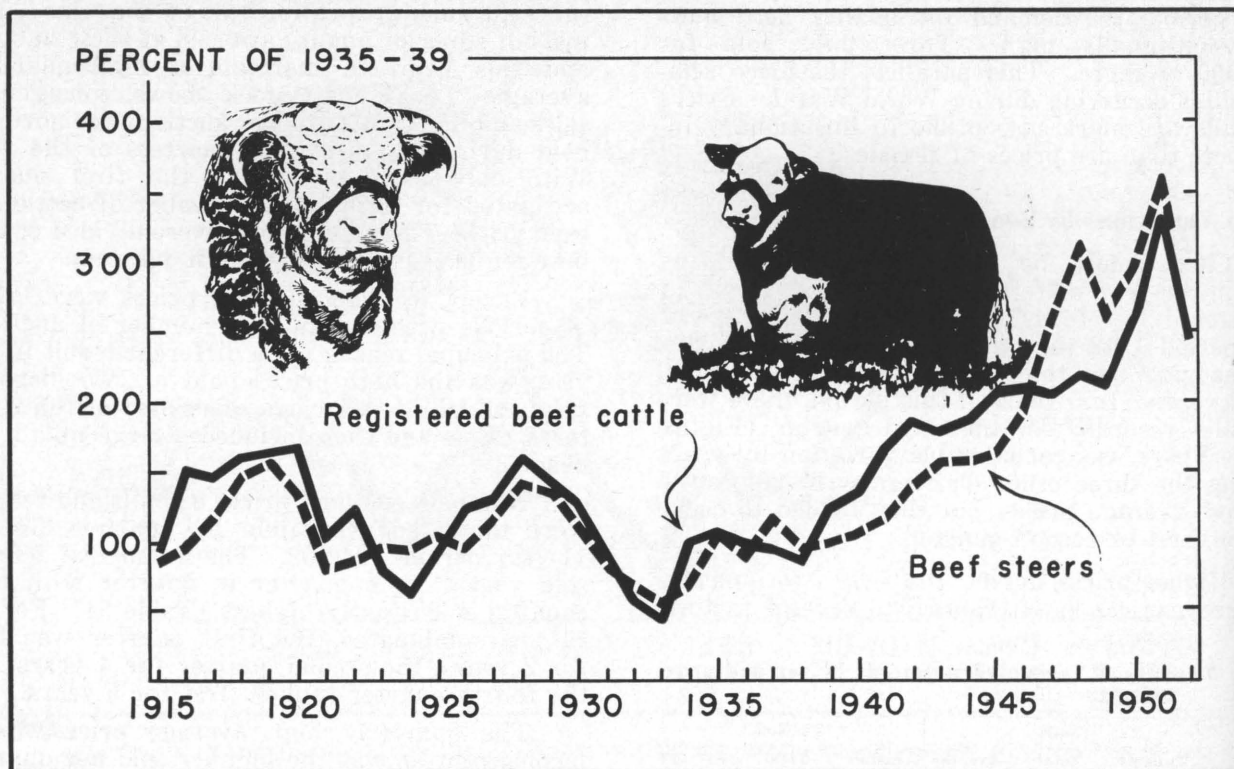


Figure 12. Prices received for registered Herefords at Texas auctions and prices of beef steers at Chicago, 1915-52.

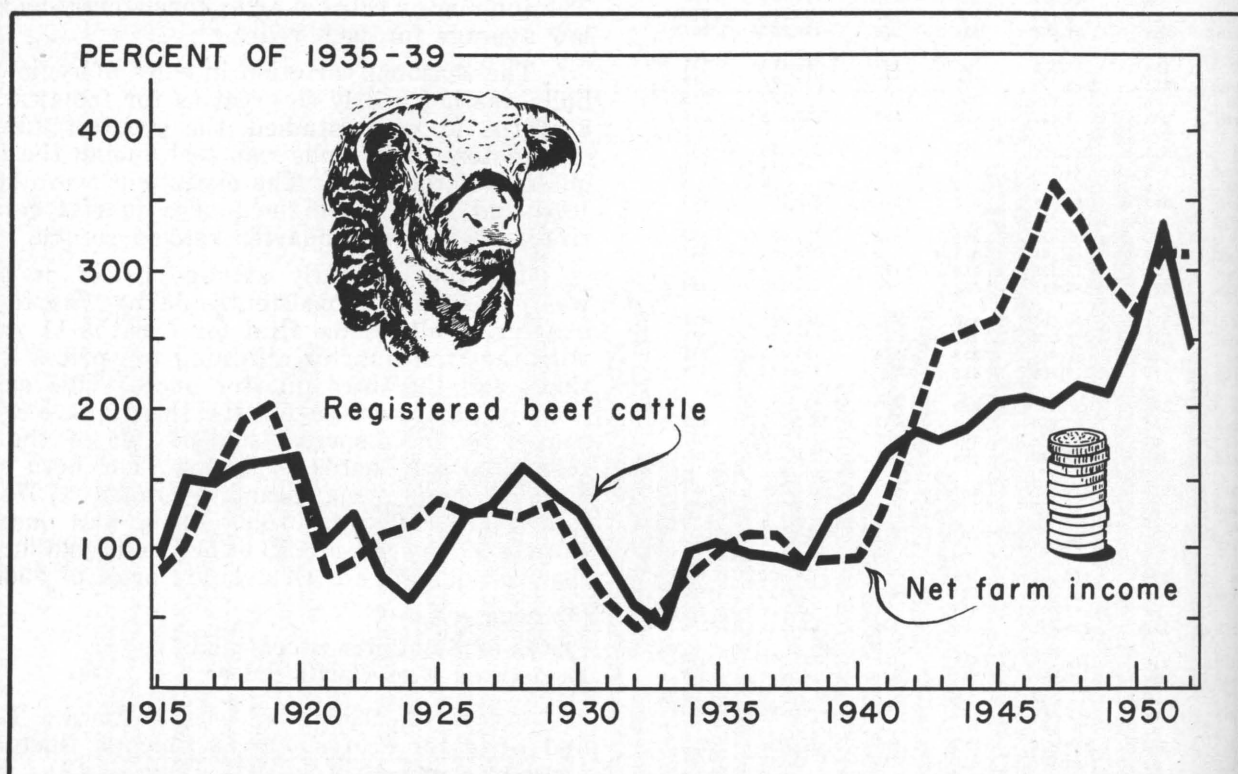


Figure 13. Prices received for registered Herefords at Texas auctions and net income of farm operators, 1915-52.

but they do not set an effective ceiling. Speculative activities enter the picture in boom periods.

The relationship between the price indexes for beef steers and registered beef cattle varied considerably from 1938 to 1952. During the early part of the period, the registered industry was expanding rapidly and prices of registered Herefords maintained a definite relative price advantage. Beginning in 1948 beef steers gained a relative price advantage and continued to maintain this position through 1951. Significant factors in this changed relationship were the lifting of price ceilings on slaughter cattle and beef, lifting of price ceilings on other agricultural products and a gain in the amount of feed supplies.

Buyers of registered beef cattle apparently pay close attention to prices of slaughter cattle during normal and low price periods, but pay little attention to them during a boom. Registered Hereford breeders in some Texas areas have a "rule of thumb" measurement that three beef steers should equal the price paid for a registered sire under assumed normal conditions. For example, if beef steers averaged \$175 per head, a breeder could expect to pay \$525 for a good registered sire. The value of the bull would then fluctuate directly with the value of beef steers.

Prices of Registered Beef Cattle and Net Farm Income

Registered Hereford cattle prices fluctuated directly with net farm income from 1929 through

1942 (Figure 13). There was some divergence in annual prices from 1915 to 1929, but not as much as was in evidence from 1943 through 1952. Both net farm income and registered beef cattle prices rose from 1915 through 1919. Net farm income then preceded registered beef prices by 1 year in the decrease that followed World War I.

Registered beef cattle prices increased in 1921 along with net farm income. The gain was only temporary, for registered beef cattle prices dropped below net farm income from 1922 to 1926 and then went above again from 1928 to 1933. Shifts in cattle prices were much more extreme than the shifts in net farm income.

The registered cattle industry preceded net farm income by 1 year in the price decline experienced during the 1931 to 1938 recession. Registered cattle prices began their downward trend in 1928 and then followed net farm income by a year in their recovery from the low prices of 1934.

The net farm income upturn preceded the registered beef cattle prices by 4 years in 1922, by 1 year in 1933 and both moved upward in 1916 and 1939. Net farm income preceded the decline in prices of registered beef cattle in 1919 by 1 year.

The relationship of these price trends suggests that net farm income exerts strong pressure on registered beef cattle prices. As net farm income rises, registered cattle prices are normally pulled upward; as net farm income declines, registered beef cattle prices are pulled downward.

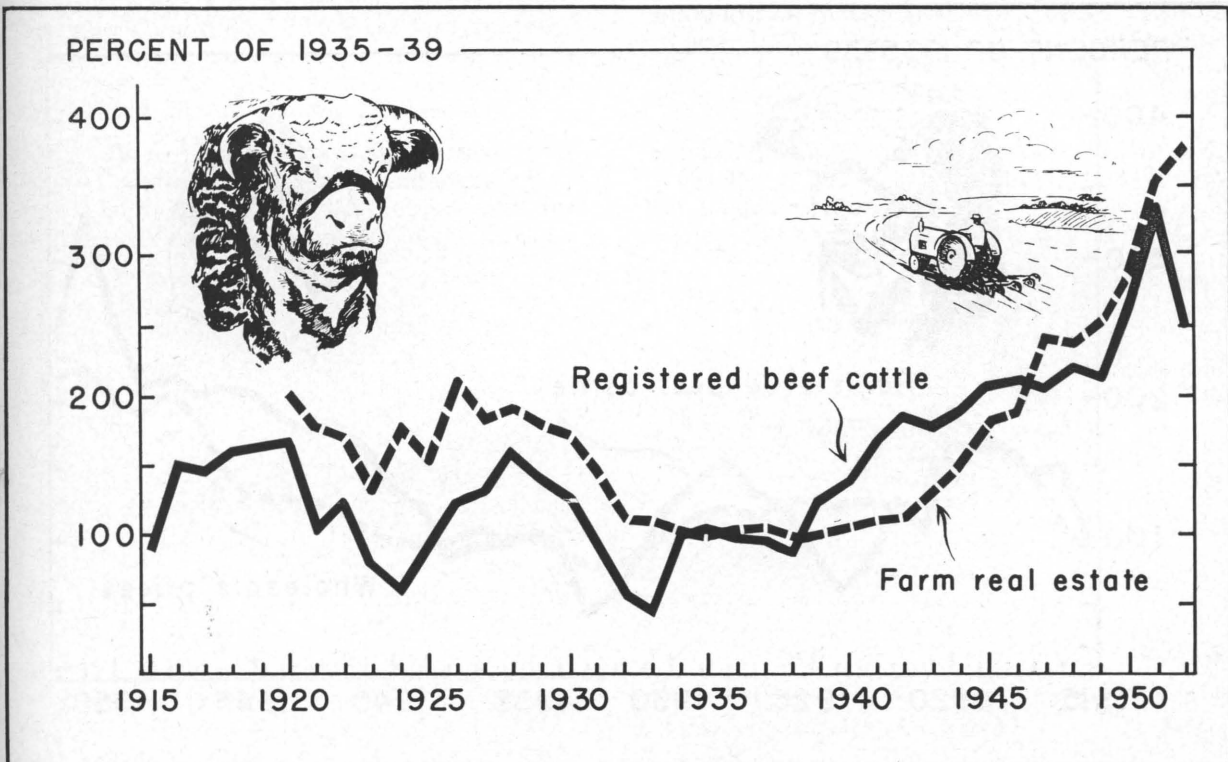


Figure 14. Prices received for registered Herefords at Texas auctions and prices of farm real estate, 1915-52.

Prices of Registered Beef Cattle and Farm Land Prices

The relationship between registered beef cattle and farm land prices is shown in Figure 14. The index of sale prices of farm real estate (1935-39=100) was considerably higher than the index of registered beef cattle prices from 1920 to 1935. The registered cattle boom of World War I was apparently losing its force by 1920 and prices of registered cattle began a downward trend. Prices of farm and ranch land began a downward trend in the same year, but the fall was not as pronounced as was that of registered beef cattle prices.

The movements of land and registered beef cattle prices were very similar from 1935 to 1939. However, beginning with 1939, registered beef cattle prices advanced much more rapidly than did land prices. This trend continued until the end of World War II. The relatively prosperous period for the registered beef cattle industry was attributable to several factors. There were no direct restrictions during the war on either the price or transfer of registered cattle. Purchases of registered breeding stock were made by individuals with large non-farm income. There were restrictions on production of farm machinery, leaving capital available for other forms of investment.

Both land and registered beef cattle prices surpassed previous high marks in 1946. The upward trend was still in evidence for real estate at the close of the period studied, while prices of

registered beef cattle had begun to fall. This indicates the relative influence of inflationary forces on land and registered cattle prices.

Prices of Registered Beef Cattle and Wholesale Commodity Prices

The index of sale prices of registered beef cattle and the index of the wholesale prices of all commodities (1935-39=100) follow similar movements from 1915 through 1920 (Figure 15). Prices of registered beef cattle fell farther following the boom of World War I. This slump in prices was peculiar to the registered beef cattle industry.

For a period beginning with 1925, cattle prices began an upward movement and surpassed the more stable movement of the wholesale commodity prices in 1927. From this peak there was a continued downward movement until registered beef cattle prices reached a low point in 1933. From 1933 to 1938 the movements of the two factors were very similar.

From 1939 to 1952, there was considerable but varying divergence between registered beef cattle prices and wholesale prices of all commodities. Important factors in this trend were the World War II restrictions and price controls on most wholesale commodities. The prices of registered beef cattle were not controlled. However, there was a limiting factor in the expansion of registered beef herds due to the shortage of labor. The price movements of registered beef cattle have been more extreme during the past 3 years.

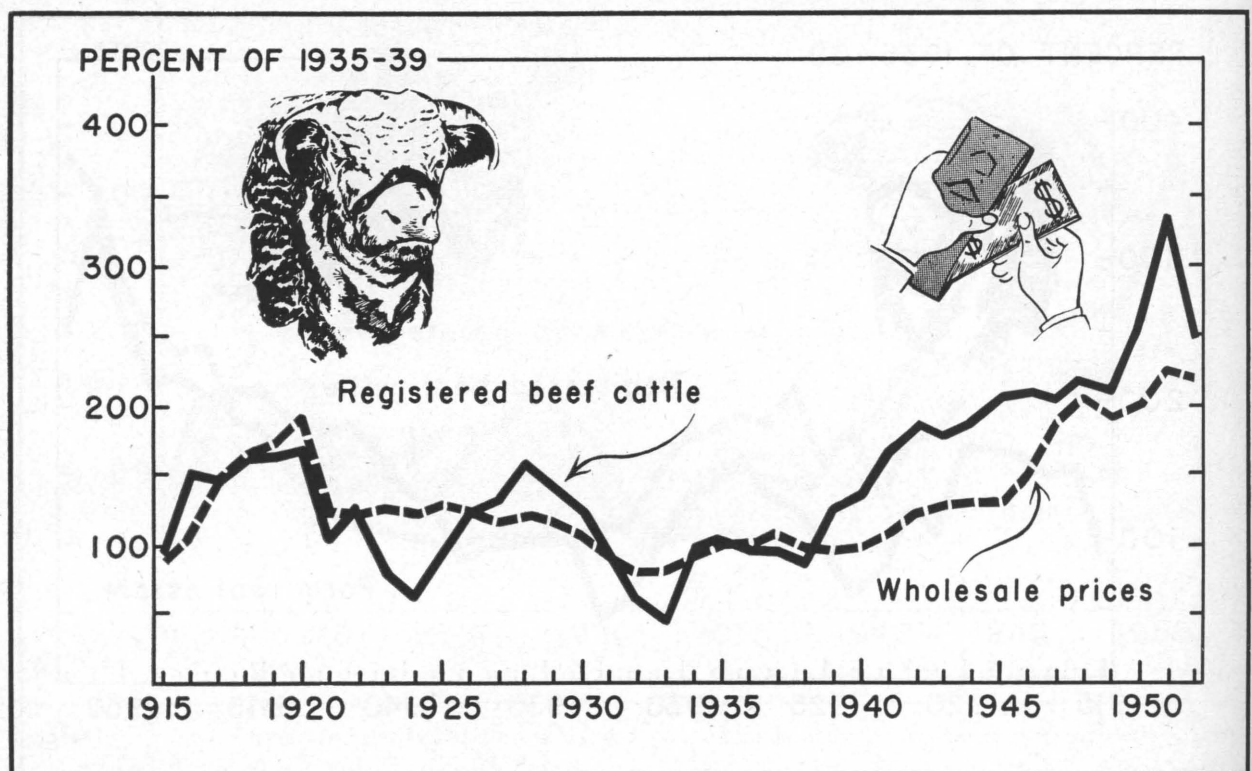


Figure 15. Prices received for registered Herefords at Texas auctions and wholesale prices of all commodities, 1915-52.

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SUMMARY

Texas is the leading state in the production of registered Hereford cattle. This production is not concentrated in any one area of the State but is found in most sections. Income from sales of registered beef cattle is an important part of the total income from all agricultural sources.

Marketing of registered beef cattle differs from the marketing of commercial cattle in that no central markets exist for the sale of registered beef cattle. The breeder must find a market for his cattle which are to be sold on the basis of their estimated value for reproductive purposes rather than for their value as beef. Registered beef cattle are sold by private treaty, through consignment auctions and by individual breeder auction sales. A few are sold by mail order.

The development of the registered beef cattle industry was confined for the first two decades of this century to the range area of Texas. Commercial cattlemen were the largest owners of registered herds and they used the registered cattle for improvement of their commercial herds.

Consignment and individual breeder auctions developed with the spread of the registered Hereford industry over Texas. Consignment auctions sponsored by groups of breeders have done a great deal to improve the position of the small breeder. Increased advertising, competitive prices and greater interest among prospective buyers are some of the advantages of the auctions.

Prices of registered Hereford bulls and females tend to rise and fall together, although not always at the same rate. The first two quarters of the year are normally the best for the sellers of females, while the best prices for bulls are normally gained during the fourth quarter.

Most bulls are sold during the first part of each year. Females are sold in considerable numbers throughout the year, with no one quarter consistently ranking above another in the number

sold. The third quarter ranked last both in number sold and average prices during most of the years studied.

Prices of beef steers provide an effective floor for the prices of registered beef cattle. Prices of registered beef cattle and prices of beef steers are closely associated during periods of low prices but not during periods of high prices.

Comparison of net farm income and prices of registered beef cattle suggests that net farm income exerts a considerable influence on the prices of registered beef cattle. As net farm income increases, prices of registered beef cattle tend to rise, and as net farm income drops the decrease is reflected in registered beef cattle prices.

Generally, farm and ranch land prices increased more than did prices of registered beef cattle from 1915 through 1952. A gain or loss in the value of land was normally reflected in a similar movement for registered beef cattle. Sometimes there was a time lag between the movements of the two factors. Movements of registered beef cattle prices were more extreme than the movements of land prices.

There was a greater increase in the prices of registered beef cattle than in prices of land during World War II. However, the purebred cattle boom leveled off much sooner than land.

A comparison of wholesale prices of all commodities with registered beef cattle prices indicates that beef cattle price movements are subject to much greater change. The large number of items considered in the wholesale commodity index tends to give it more stability. Values of registered beef cattle dropped below the index of wholesale commodity prices during the period of the depression in the 1930's but surpassed them during World War II.