

# Cow Country Reporter



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The year 2009 is history! We are in a new year and a new decade, and guess what, Ma Nature is still in charge. We endured drought-like conditions late spring-early summer, looked forward to a great corn, cotton, soybean and sugar cane crop only to experience one of the wettest Octobers (if not the wettest) in history which reduced cotton and soybean yields and caused sugar cane farmers real grief getting a crop to the mill. Looking back at the Louisiana auction markets, slaughter cows for 2009 were 7.00 cwt. lower, feeder steers 2.50-4.00 cwt. lower, with calves under 400 lbs 6.75 lower. Feeder heifers under 500 lbs. were 8.00-9.00 cwt. lower, over 500 lbs. 3.50-5.50 cwt. lower. Cattle receipts, as reported by Federal-State Livestock Market News, were 5% higher compared to 2008. Some of this increase was due to carry over of calves from 2008 to 2009, dairy buyouts and producers reducing age of beef herds via culling older cows. What will 2010 bring? If we just looked at numbers, we have less cattle on feed, lighter numbers of feeders and a reduced beef cow herd. Cold weather has limited wheat and rye grass grazing and some areas of the country will be moving cattle in February rather than March. If the weather turns around and gets back to normal (whatever that is) we can expect a good demand for

cattle to turn onto graze out wheat in March/April. If slaughter cattle prices continue to move toward 90.00 cwt. and above look for good demand for feeders over 600 lbs. to go to the feedlots. With slaughter cow receipts light, packers will be aggressively looking to secure inventory in late winter/early spring. The year 2010 will not be a normal marketing year, so pay attention to the markets on CPL's website and look to make adjustments in your marketing plans. Now more than ever before we in the cattle business need to know what our cost of production is. January is the month to look at your marketing options, yes, I know most of you are just now calving, but without a game plan you may leave a lot of money on the table because you did things like you normally do and you do not know what your breakevens are. Let's get ahead of the game and be proactive, let's hit the peaks of the market not the valleys. Use CPL to assist you in your decision making process via e-mail, our 800 number or write to us. We are here for you! Why not start this month and sign up some new members so they can be on the informed team. Have a healthy and prosperous New Year.

*Dave Foster*

Due to a computer virus and crash and other circumstances beyond my control, I was unable to produce a newsletter for the month of January. Please accept my apologies for any inconvenience this has caused our membership. Please be assured that CPL is dedicated to producing a timely and informative newsletter to keep you abreast of the ever changing state of our industry.

*Alaina*

## USDA KILLS NAIS; GOES BACK TO THE DRAWING BOARD

By: Joe Roybal, Cow-Calf Weekly

USDA has killed its beleaguered National Animal Identification System (NAIS) in favor of developing “a new, flexible framework for animal disease traceability in the U.S.” The framework, USDA says, “provides the basic tenets of an improved animal disease traceability capability in the U.S.” and includes:

- The system will apply only to animals moved in interstate commerce;
- It will be administered by the states and tribal nations to provide more flexibility;
- It will encourage the use of lower-cost technology; and
- It will be implemented transparently through federal regulations and the full rulemaking process.

In announcing the move yesterday, USDA Secretary Tom Vilsack lists a main goal as building “a collaborative process for shaping and implementing our framework for animal disease traceability.” He says USDA is “committed to working in partnership with States, Tribal Nations and industry in the coming months to address many of the details of this framework, and giving ample opportunity for farmers and ranchers and the public to provide us with continued input through this process.”

One of first steps is to convene a forum with animal health leaders for the States and Tribal Nations to initiate a dialogue about the possible ways of achieving the flexible, coordinated approach to animal disease traceability we envision, Vilsack says. Additionally, USDA will be revamping the Secretary’s Advisory Committee on Animal Health to address specific issues, such as confidentiality and liability.

See the full release at [www.usda.gov/wps/portal/contentidonly.xml](http://www.usda.gov/wps/portal/contentidonly.xml)

Read more about this issue in the New York Times at [www.nytimes.com/business/05livestock.html](http://www.nytimes.com/business/05livestock.html).



Happy  
Mardi  
Gras

## From the Office of the State Veterinarian:

Commissioner Strain has asked me to inform all of you that LDAF will continue to provide Brucellosis vaccine and tags to the Louisiana Veterinarians free of charge for the next year. Our LDAF staff will continue to vaccinate heifers free of charge for the next year.

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## MEAT INDUSTRY BRACING FOR CBS ANTIBIOTIC PIECE

By: Rita Jane Gabbett, MeatingPlace.com

Barring another big news story, the *CBS Evening News* has now scheduled its two-part series on antibiotic use in livestock production to run Feb. 3-4, and based on some of the interviews conducted for the piece, the pork industry is expecting to take a hit.

The story, originally scheduled to air several days ago, was pushed back by Haiti earthquake coverage.

“Feedback from pork producers suggest the segments will be highly critical of livestock and poultry production,” National Pork Producers spokesman Dave Warner told **Meatingplace**. He said pork producers interviewed found CBS’s questions highly accusatory.

CBS research also included an interview with Rep. Louise Slaughter (D-N.Y.), who has sponsored a bill that would control antibiotic use in livestock, as well as a trip to Denmark, where antibiotic use has been banned in livestock for certain uses. CBS anchor Katie Couric also visited Koch’s Turkey Farm in Tamaqua, Pa., which raises its turkeys free-range and antibiotic-free.

For now, industry groups are waiting to see what the edited segments actually contain and preparing to deal with any possible fallout.

“Pork producers use antibiotics responsibly to keep their animals healthy, and keeping animals healthy means producing safe food for U.S. consumers,” said Warner.

## CATTLE INVENTORY REPORT

In the tables below are the summary for the January 1 *Cattle Inventory* Report released by USDA NASS earlier today. The first table is for the U.S. inventory with the second table containing all reported categories for Louisiana. The total number U.S. cattle and calves was slightly greater than analysts expected, but should not have any significant impact on the markets. National dairy herd liquidation is not occurring at the pace initially thought as higher prices may be leading to producer's holding back potential replacements. There are estimated 1.92 million calves on small grain pastures in Kansas, Oklahoma, and Texas (116% of 2009).

Table 1. Summary of U.S. Cattle According to January 1 Inventory Report

	1,000 head	% of 2009	Pre-Report Estimates	
			Avg.	Range
All cattle & calves	93,701	99.1	98.5	98.2 – 99.0
Annual calf crop <sup>1</sup>	35,819	99.1	98.5	98.1 – 98.9
Total cows/heifers that have calved	40,456	98.6	98.4	97.9 – 99.1
Beef cows/heifers that have calved	31,376	98.9	98.5	98.0 – 99.3
Milk cows/heifers that have calved	9,081	97.3	97.8	97.3 – 98.6
Heifers 500 pounds and over	19,666	100.5	98.4	98.0 – 98.7
Beef replacement heifers	5,436	98.3	98.4	97.3 – 100.4
Milk replacement heifers	4,516	102.4	97.5	96.1 – 99.2
Other heifers	9,714	100.8	98.8	98.4 – 99.5
Steers 500 pounds and over	16,440	98.0	98.6	98.1 – 99.2
Bulls 500 pounds and over	2,190	100.3	98.9	98.2 – 99.6
Calves under 500 pounds	14,949	100.0	98.6	98.2 – 99.0

<sup>1</sup>Annual calf crop for 2009, expressed as percent of 2008

Table 2. Summary of Louisiana Cattle According to January 1 Inventory Report

	1,000 head	% of 2009
All cattle & calves	840	94.4
Annual calf crop <sup>1</sup>	400	95.2
All cows that have calved	520	96.3
Beef cows that have calved	499	96.9
Milk cows/heifers that have calved	21	84.0
Heifers 500 pounds and over	105	94.6
Beef replacement heifers (500+ lbs)	82	79.2
Milk replacement heifers (500+ lbs)	7	100.0
Other replacement heifers (500+ lbs)	16	94.1
Steers 500 pounds and over	21	87.5
Bulls 500 pounds and over	32	94.1
Calves under 500 pounds	162	89.5

<sup>1</sup>Annual calf crop for 2009, expressed as percent of 2008

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## **CATTLE SUPPLY DECLINE TO CONTINUE IN 2010**

Cattle-Fax release

Cattle supplies in 2010 should decline another 1-1.5%, and beef demand will continue to be impacted by a weak economy and high unemployment. Still, 2010 overall “should be a better year for the beef industry.”

That’s the word from Randy Blach, Cattle-Fax CEO, to attendees of the 2010 Cattle Industry Convention in San Antonio last week.

Blach says demand remains the biggest challenge for the beef industry in 2010. “Though the supply situation is very bullish, demand must stabilize in order for prices to turn significantly higher.”

Fed-cattle slaughter totals are expected to be down 2% in 2010, and cow-slaughter totals should decline by nearly 9%. Average carcass weights are forecast to increase slightly and beef production is projected to be down 2.8%. Per capita net beef supplies are expected to be down 4% due to an expected increase in beef exports and smaller beef production.

In 2010, U.S. beef exports are forecast to increase to South Korea, and to a lesser extent Japan and Vietnam. U.S. beef exports in 2010 are expected to rise by about 8% over 2009.

In terms of feedgrains, total U.S. corn production could decrease, as U.S. corn supplies are record large at an estimated 14.83 billion bu. for the 2009/10 marketing year. U.S. soybean supplies are up over 10% compared to last year – the second highest level on record – while soybean acreage is expected to be near 79 million acres.

Spot corn futures prices are forecast to average near \$3.75/bu. in 2010, near steady with 2009, and the combination of bumper corn and soybean crops, as well as the sharp decline in winter wheat acreage, has lessened the need for an acreage battle this spring.

Cattle-Fax is a Denver-based market analysis and info organization.

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