

Cow Country Reporter



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June! The year 2015 is half over and summer is here. Fall-born calves are coming to market and demand for these calves, even though they are carrying some fat, is good. Good summer pastures in the states north of us are waiting to put extra pounds on our Louisiana calves to cheapen up the price of them going into the feedlot. Speaking of summer pastures, all the rain we have had in May has certainly produced grass, however, it also prevented many producers from putting up some early hay. May rains also caused flooding in the central and northwest part of our state where cows had to be moved, crops covered by water and some people displaced from their homes in the Shreveport/Bossier City area. Prices for calves and cull cows have “held their ground” and this month and the first half of July would be a time to market your fall born calves. As we get into late July, August and September one had better be checking with their marketing representatives to get their input on this market. Demand for our end product, beef, has held up better than expected but after Father’s Day and the July 4th holiday, our next big beef demand comes before Labor Day. Numbers of cattle at the local auction markets increase during this time frame which tends to weaken prices. Be prepared and keep up with the markets. Our market report via our toll free

number is available and updated weekly. As many of you know, House Bill (HB) 760 in this year’s legislative session passed the House (70 yea 30 nay) and Senate (27 yea 12 nay) and went to the Governor for his signature. This bill changed the make up of the Louisiana Beef Industry Council (LBIC) from 6 LCA members, 3 Farm Bureau and 1 auction barn member to 3 LCA, 3 Farm Bureau, 2 auction markets and 1 CPL. We are proud and excited to be part of this board. Enjoy your summer and save some hay for our friends in northwest and central Louisiana.

Dave Foster, CEO

LATEST MEAT TRADE DATA ENCOURAGING

Derrell S. Peel, Oklahoma State University Extension Livestock Marketing Specialist

The latest trade data for April generally showed relative improvement in meat trade despite a variety of continuing challenges. The strong U.S. dollar continues to work against U.S. meat exports and support increased imports. The avian influenza outbreak continues to grow and impact poultry trade; while high prices and limited supplies are the biggest challenges for the beef sector.

Despite bans or restrictions in most markets for U.S. poultry, broiler exports in April were fractionally higher than year ago levels holding year to date broiler exports to a decrease of 8.4 percent compared to last year. Most importantly among broiler export

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MEAT OF THE MATTER: BEGINNING OF THE END?

By: Dan Murphy

With tough new policies, FDA and the White House are signaling a 'preference' for antibiotic-free meat. Is a full-on phase-out underway? Good question. Short answer: Not just yet.

The White House convened a meeting this week to address with the threat of antibiotic resistance. In attendance were 150 food companies, retailers, pharmaceutical and agricultural companies, hospitals, research firms and some consumer advocacy groups.

To kick off the mostly secret summit President Obama directed federal agencies to begin buying meat and poultry raised with "responsible antibiotic use."

In practical terms, what does "responsible use" actually mean? For starters, the White House announced that the General Services Administration will begin identifying vendors who can provide antibiotic-free meat and poultry as an option in the federal cafeterias managed by the agency. By 2020, administration intends for each federal agency to create a "preference" for awarding these procurement contracts — to the extent that they're available and cost-effective.

Which narrows the pipeline significantly, but nevertheless puts a date certain on a shift toward fully antibiotic-free federal meat and poultry purchasing.

In addition, according to several news reports, the Presidential Food Service, which prepares meals for the president and the First Family, caters officials state dinners and operates the White House dining rooms, also announced a commitment to serving meat and poultry from livestock raised without hormones and antibiotics.

Meanwhile, the Food and Drug Administration released its Veterinary Feed Directive (VFD) final rule to "promote the judicious use of antimicrobials" in food animals. FDA's goal is to assure that antibiotics intended for use in feed will require veterinary supervision and requires states to create a framework for use of "medically important antimicrobials" in feed when required for animal health, ie, for treating disease.

The rule requires that veterinarians:

Issue VFDs within the context of a veterinarian-producer-animal relationship

Engage with producers to assume responsibility for making clinical judgments about an animal's health

Conduct examinations and/or visits to the facility where the animal is managed

Provide for any necessary follow-up evaluation or care

None of that represent a radical sea change from FDA's previous policies. What's interesting is the larger response to the agency's VFD final rule and the White House initiative on sourcing antibiotic-free meat and poultry.

A much different reaction

While several consumer groups praised the administration for "flexing its considerable purchasing power to help build the market for meat and poultry produced with 'responsible' use of antibiotics," the Natural Resources Defense Council issued a statement stating that the federal government needs to do more to ensure that antibiotics are used "only to treat sick animals and control disease outbreaks."

In referring to a recent poll NRDC commissioned in California regarding the use of antibiotics in animal agriculture, the activist group released a statement saying, "The vast majority of Californians say antibiotic use is problematic" and that the state needs to take further action.

"The practice of giving routine doses of antibiotics to animals is akin to giving antibiotics to your kids before they head off to day care, when what they should be doing is washing their hands," said Avinash Kar, NRDC's health attorney.

Well — when you put it that way . . .

Given the activist community credit: They know how to position this issue in a way that stirs "the vast majority" of consumers to react negatively.

And it's having an effect.

This new White House initiative may not feel groundbreaking, maybe more like yet another volley in a skirmish that's been ongoing for a while now. But try to imagine if the exact same policy had been announced 10 years ago, back when Lance Armstrong was still an heroic athlete cycling his way to a record seventh Tour de France victory, when Michael Jackson was being exonerated on child molestation charges and when the highest profile Senate debate of the year was the wrangling over removing Terri Schiavo's feeding tube.

CATTLE OUTLOOK: U S BEEF EXPORTS DOWN

By Ron Plain and Scott Brown, University of Missouri

U.S. beef exports were down 3.6% in April. It was the seventh consecutive month with exports lower than last year. The biggest declines were in shipments to Mexico, Hong Kong and to Canada. U.S. beef imports were up 27.5% in April with most of the increase coming from Australia and New Zealand. This was the 14th consecutive month with imports above the year-earlier level. At 345 million pounds, April beef imports were the highest of any month since July 2005. During April, 10.35% of U.S. beef production was exported. Imports equaled 17.94% of U.S. beef production which is the highest share since April 2005. High U.S. beef prices and a strong dollar are the two main causes of the disappointing trade numbers.

Cattle imports during April were down 16.4% from a year ago with imports from Mexico down 3.8% and imports from Canada down 24.6%.

Domestic beef demand was up 5.1% in April. That was the 15th consecutive month with domestic demand above the year-ago level. Export demand was up 1.8% in April.

Fed cattle prices this week were lower on light volume. Through Thursday, the 5-area average price for slaughter steers sold on a live weight basis was \$157.28/cwt, down \$1.21 from last week's average, but up \$12.15 from a year ago. The 5 area average dressed price this week for steers was \$247.87/cwt, down \$1.84 for the week, but up \$16.03 compared to the same week last year.

This morning the choice boxed beef cutout value was \$245.17/cwt, down \$9.94 from the previous Friday, but up \$15.23 from a year ago. The select carcass cutout was \$238.83/cwt this morning, down \$4.74 from last week but up \$17.67 from a year ago.

Cattle slaughter this week totaled 550,000 head, up 4.8% from the week before, but down 10.7% from the same week last year. Year-to-date cattle slaughter is down 7.1% and beef production is down 4.8%.

The average steer dressed weight for the week ending on May 23 was 864 pounds, down 3 pounds from the week before, but up 21 pounds compared to the same week last year. Steer weights were up for the 49th consecutive week.

Feeder cattle prices at Oklahoma City were mostly steady to \$5 higher this week. Prices for medium and large frame #1 steers by weight group were: 400-450# \$307-\$321, 450-500# \$288-\$298, 500-550# \$272-\$291, 550-600# \$255-\$275, 600-650# \$241-\$255, 650-700# \$241-\$250, 700-750# \$229-\$236.50, 750-800# \$225.25-\$229, 800-900# \$206.25-\$220.50, and 900-1000#, \$189.50-\$207.50/cwt.

Cattle futures were mixed this week. The June live cattle futures contract settled at \$152.82/cwt today, up 50 cents for the week. August fed cattle settled at \$150.57/cwt, down 75 cents from the previous week. October fed cattle lost 55 cents this week to settle at \$152.37/cwt. The August feeder cattle contract ended the week at \$221.90/cwt, down \$1.05 for the week.

MEAT OF THE MATTER: BEGINNING OF THE END?

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In 2005, a presidential directive ordering federal agencies to source meat and poultry raised without antibiotics would have been greeted with surprise by the media, skepticism by consumers and total shock from industry, which would have been easily able to characterize such an order as outrageous, over-reaching and out-of-touch with the imperatives of assuring that Americans have access to affordable meat and poultry products.

In 2015, however, industry reaction has been muted, and with good reason. Although no scientific consensus exists to definitely link sub-therapeutic use of antimicrobials in animal agriculture with the emergence of drug-resistant pathogens in human medicine, it's no longer possible to pretend that no connection whatsoever exists.

At best, industry can talk trade-off: A more efficient production system that helps make beef, pork and chicken affordable, versus the risk of making the problem of antibiotic resistance even worse for the nation's hospitals and physicians.

Are these parallel announcements from the White House and FDA, and the reaction to them, signaling the beginning of the end for routine use of low-level anti-microbials to support animal health and promote efficient growth?

Not just yet.

But it sure ain't 2005 anymore.

Dan Murphy is a food-industry journalist and commentator

markets is Mexico, which was up 1.5 percent year over year in April and is up 4.8 percent for the year to date. Mexico is by far the largest broiler export market, accounting for 21 percent of total 2014 broiler exports. Year to date broiler exports to China and South Korea are down over 90 percent along with zero exports to Russia (banned in 2014 prior to avian influenza). Turkey exports were down 27.2 percent in April contributing to an 11.4 percent year to date decline compared to last year.

Pork exports were up 10.9 percent in April, cutting the year to year date pork export decrease to 7.4 percent. This is the first year over year increase in monthly pork exports in 2015. Increased pork supplies and lower pork prices are overcoming the negative impacts of the strong U.S. to boost pork exports. Among major pork export markets, year over year April exports were stronger to Japan (up 16.2 percent) and Mexico (up 15.2 percent), China (up 1.4 percent), and South Korea (up 43.2 percent) while Canada was down 13.9 percent.

April U.S. beef exports were down 3.6 percent year over year, the smallest monthly decrease so far this year. Year to date beef exports are down 8.4 percent compared to 2014. Increased year over year April exports to Japan (up 4.8 percent) and South Korea (up 21.7 percent) contributed to year to date increases in U.S. beef exports to both countries. However, North American beef trade is more troubling with April decreases to Canada (down 10.4 percent) and Mexico (down 25.2 percent) contributing to year to date decreases in beef exports to both countries. The looming threat of tariffs related to Country of Origin Labeling adds to the prospects for weaker exports to Canada and Mexico in the coming months.

April U.S. beef imports were up 27.5 percent compared to one year ago, the smallest monthly increase year over year so far this year. Year to date beef imports are up 40.9 percent compared to one year ago. Australia (up 36.7 percent) and New Zealand (up 28.2 percent) were the leading sources of beef imports in April along with Canada (up 4.6 percent) and Mexico (up 61.4 percent) compared to April, 2014. Beef imports from Brazil, though less than 4 percent of total beef imports in April, were up 95 percent year over year and are up 135 percent for the year to date compared to last year.

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