Cow Country Reporter

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News from your CEO

Fall is in the air or at least I think it is! As I look and read about the cattle industry, I know it is fall. The cattle runs in Louisiana will wind down this month from their peak, but will continue until Thanksgiving. In the plains, mountain states and Midwest cattle runs are in high gear. The harvest in those same areas are looking for the end which is in sight. The farmer- feeders and grazers will be looking for calves to graze and feed because corn and wheat prices are under pressure. Good news for the cow-calf producer and really good news for Louisiana. Our fall runs started early with prices starting lower, however, they didn't drop like last year during this time. We are still running $20.00-$25.00 cwt. higher than last year. If you have not sold your calves and you have grass it may be a good gamble to hold them until after Thanksgiving.

The new (since August 2015) Louisiana Beef Industry Council (LBIC) elected officers at their September meeting. The Chairman is Walter Smith, Farm Bureau, Co-chairman John Thompson, CPL and Secretary/Treasurer Mack Shelton, Auction Markets were named. This board has been very good stewards of the $1.00 check off, of which Louisiana receives .50 cents. Ronald Black, first chairman of the new board would be proud of the board he organized into a functional one.

As we finish up with our marketing and harvest, let us look towards the next few months to having some information meetings. Call or email me to get one set up. Any member can do this task and we will assist you. Enjoy the bounties of your harvest and remember to "TELL YOUR STORY" to others!

Dave Foster, CEO

Strong beef demand mostly offsetting increased beef supply in 2017

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

The September USDA Cattle on Feed report pegs the September 1 feedlot inventory at 10.504 million head, 103.6 percent of last year. August placements were 102.6 percent of year ago levels. Placements were larger than expected and may well provoke a bearish market response. What may be overlooked are the continued strong marketings pace. August marketings were close to pre-report expectations at 105.9 percent of last year. Marketings outpaced placements in August and pulled down the year over year increase in feedlot inventories, though not as much as expected. For the first eight months of the year, total placements are up 1.16 million head, an 8.4 percent year over year increase. However, total marketings were up 0.847 million head, 6.1 percent more than last year and largely offsetting the increased placements. As a result the September 1 on-feed inventory was up a modest 369 thousand head year over year.

Higher feedlot throughput is reflected in the year to date increase in steer and heifer slaughter, up 5.9 percent year over year. Steer slaughter is up 3.3 percent while heifer slaughter is up 11.7 percent for the year to date. Additionally, beef cow slaughter is up 11.3 percent so far this year and rising dairy cow slaughter is up 3.9 percent for the year to date. Total bull slaughter is also up 13.1 percent year over year.

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Strong beef demand mostly offsetting increased beef supply in 2017

Offsetting increased cattle slaughter are lighter carcass weights. While steer and heifer carcass weights are increasing seasonally, they remain below year earlier levels. In the most recent data, steer carcasses were 896 pounds, 7 pounds below one year earlier; heifer carcasses were 816 pounds, down 5 pounds from the same date last year. For the year to date, steers carcasses have averaged 14.1 pounds lower than last year while heifer carcasses are 12.3 pounds lighter.

Total beef production for the first 36 weeks of the year is up 4.5 percent year over year. Annual beef production is projected at 26.3 billion pounds, up 4.4 percent year over year. Domestic beef consumption is projected at 56.6 pounds per capita, up 2.2 percent year over year. Despite the increase in domestic beef consumption, retail beef prices remain strong. August Choice beef price was $5.94/lb., down from $6.10/lb. in July but nearly one percent higher than August last year. The all-fresh beef retail price was $5.794/lb. in August, fractionally higher than one year ago.

Beef production is expected to increase again in 2018, currently projected at 27.4 billion pounds. This would be a record level of U.S. beef production, exceeding the previous high of 2002 with 27.0 billion pounds. Increased beef production, combined with other meats, is projected to surpass 101 billion pounds of total meat production in 2018, a new record as well. Clearly the supply challenges will continue for the foreseeable future. However, 2017 has demonstrated very well that strong domestic and international demand for U.S. beef can mitigate much of the price pressure from growing beef production. Continued strong beef demand can limit 2018 cattle and beef price changes to modest declines.

Oklahoma Wheat Stocker Update

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

Wheat pasture has developed relatively slowly in Oklahoma so far this fall, despite the early potential that seemed to exist after the cool, wet August in the state. USDA-NASS reported that 16 percent of Oklahoma wheat was planted by the last week of September, down from a five-year average of 25 percent for that date. A couple of factors contributed to the delay in wheat planting. Dry top soil developed in early to mid-September, especially across the northern and northwestern parts of the state, causing some producers to delay planting. A continuing threat from armyworms also prompted some producers to delay planting. Most of Oklahoma, particularly in the wheat belt, has received significant rain recently and wheat planting will likely accelerate into early October. Subsoil moisture is generally good and established wheat should develop rapidly. Wheat is still mostly on track for a normal beginning to wheat grazing in late November to early December.

Stocker cattle prices in Oklahoma have decreased only slightly through September, showing a less than seasonal price decline. Prices have been variable from week to week with fluctuating weather conditions and futures market volatility. September prices for stocker steers and heifers averaged 14 to 18 percent higher than last year despite a 20 percent increase in feeder cattle auction volume in September compared to one year ago. It certainly appears that stocker demand remains strong. The abundance of available pasture and hay, likely has supported stocker demand with continued expectations of good wheat grazing yet to come. It appears that significant numbers of stockers are being received and started in a variety of backgrounding programs in anticipation of winter pasture. Stocker prices may weaken seasonally with the biggest calf runs expected in the next month to six weeks but the seasonal declines may be less than typical with continued strong stocker demand.

A strong rally in Feeder futures since late August offers improved winter stocker profit potential. At current levels, March Feeder futures would allow a 750 pound steer to be priced at roughly $150/cwt. in Oklahoma. A 475 pound steer at today's prices, would have a March 1 breakeven of $130-$137/cwt. at 750 pounds depending on pasture and other costs. Such opportunities to price in winter stocker margins are rare and generally fleeting. Frankly, it is hard to justify current Feeder futures prices for the spring based on cattle market fundamentals and speculative moves in futures are wildly unpredictable. Producers should act promptly if these futures price levels are attractive. Remember that futures have been notoriously volatile in recent years and Feeder futures can move $11.25/cwt. in two days of limit moves. While no major cattle market weakness is foreseeable at this time, general expectations are for modestly lower cattle prices in 2018 on continued growth in cattle supplies and beef production. There is clearly more downside risk than upside potential from current levels.

Ranch Group Accuses USDA of Falsifying the Outcome of Animal ID Meetings

Billings, Mont. - Yesterday, the U.S. Department of Agriculture (USDA) Animal and Plant Health Inspection Service (APHIS) unveiled its new strategy to expand its mandatory animal identification program at the private sectors' Strategy Forum on Livestock Traceability held in Denver, Colorado. On the same day, R-CALF USA filed a comprehensive administrative complaint accusing APHIS of falsifying the outcomes of the animal identification meetings and related public comment period the agency held earlier this year.

At issue is a report APHIS disseminated on September 18, 2017, that purports to summarize industry comments regarding the agency's 2012 Animal Disease Traceability (ADT) rule. The ADT rule essentially requires cattle over the age of 18 months to be identified with some type of official ear tag if the animal enters interstate commerce. The agency sought comments regarding its suggestion that cattle under 18

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USDA Failed to Submit Five Years of Federally Mandated Dairy Checkoff Reports

Missing reports highlight need for checkoff reform to ensure transparency and accountability

LINCOLN, NE – Since 2012, the U.S. Department of Agriculture (USDA) has failed to submit federally mandated annual reports to Congress accounting for dairy checkoff program activities, spending, and effectiveness, according to USDA documents obtained by the Organization for Competitive Markets (OCM). The missing dairy reports follow a history of documented abuses of checkoff tax dollars in the commodity programs and cover-ups of those abuses by the USDA, and it comes as more than 80 farm organizations urge Congress to pass pending legislation that would bring much-needed transparency and accountability to the secretive government programs.

According to federal law (7 US CODE §4514), the USDA's secretary of agriculture is responsible for submitting annual reports to Congress accounting for dairy checkoff activities and spending, including an independent analysis of the effectiveness of the program. Former USDA Secretary Tom Vilsack, who was responsible for the reports that were not submitted for five years, now serves as the president and CEO of the checkoff-funded U.S. Dairy Export Council.

The dairy checkoff reports were requested under the Freedom of Information Act by a university professor who sought the reports for his teaching. In USDA's response to the FOIA request and in follow-up communications, USDA officials confirmed the reports had not been published nor even submitted to Congress as required by law.

Parke Wilde, a Tufts University professor who requested the reports, said "I initially assumed there had just been a delay in posting the reports to the USDA website. I was astonished to hear that the reports had never been published or submitted to Congress as required by law. I use these reports in my teaching, to show how consumers respond to checkoff marketing of dairy products with all sorts of nutritional profiles, ranging from milk to pizza to cheeseburgers. The reports are essential for transparency in checkoff program administration."

Checkoff programs have repeatedly attempted to hinder efforts to shine a light on their misconduct. USDA's Egg Board's illegal effort to persuade government regulators and retailers to halt sales of "Just Mayo" brand products was only revealed through FOIA action. Meanwhile, USDA's Pork Board has repeatedly refused to process FOIA requests. The National Cattlemen's Beef Association is the subject of an ongoing lawsuit filed by OCM in 2014 to obtain public audit records following the discovery of more than $200,000 in improper checkoff spending during the equivalent of a nine-day period.

Mike Weaver, president of OCM, said "It's time for Congress to hold USDA and its checkoff programs accountable for family farmers' tax dollars. Since checkoff programs have been determined by the federal courts to be activities and speech of the federal government, those funds should be audited and transparent. It's time to pass the federal Opportunities for Fairness and Farming (OFF) Act and the Voluntary Checkoff Act."

Mike Eby, Chair of the National Dairy Producers Organization (NDPO), said "The present U.S. Secretary of Agriculture, Mr. Perdue, now has an obligation to correct the failings of Mr. Vilsak and immediately prepare and publish the mandated annual reports to Congress for the last five years describing the activities of and accounting for the receipt and disbursement of all funds received by the National Dairy Promotion and Research Board. NDPO looks forward to Mr. Perdue fulfilling the statutory duties of his office."

Ranch Group Accuses USDA of Falsifying the Outcome of Animal ID Meetings

months of age be included in an expanded ADT rule and that the use of electronic identification devices be required for cattle.

In its report, APHIS claimed there was a consensus reached among industry commenters that both younger cattle and the requirement to use electronic identification devices could be included under the ADT as soon as the program was fully functional for older cattle. This report was then used as a basis for APHIS' future animal identification strategy discussed at the strategy forum.

In its administrative complaint filed pursuant to the Data Quality Act and USDA's Information Quality Guidelines that together provide an opportunity to request a correction of information if the government issues information that is inaccurate, unreliable, or biased, R-CALF USA claims there was no such consensus by commenters and, in fact, many if not most commenters were adamantly opposed to both the proposal to add younger cattle as well as to require electronic ear tags.

"Further expansion of animal identification requirements is unwarranted and infeasible. The USDA should not establish requirements for intra-state animal ID, nor for the mandatory use of electronic forms of ID," and identifying feeder cattle "is not warranted or realistic at this time . . .", are some of the objections that R-CALF USA and 39 other groups expressed in joint comments submitted to APHIS.

The complaint alleges that APHIS' false representation of the important concerns expressed both verbally and in writing by thousands of American ranchers through their respective organizations constitutes government-promoted propaganda tilted to favor private companies, primarily ear tag companies, that stand to reap financial gains if APHIS expands its current animal identification program.

The complaint asks that APHIS' September 18 report, along with any subsequent reports based on the initial report, be withdrawn pending the initiation of a new analysis that meets the Data Quality Act's standards for accuracy, reliability, objectivity, integrity and utility.

Attachments to the complaint are available at https://www.r-calfusa.com/animal-identification/.

New customers to Amazon's Whole Foods coming from Walmart: traffic analysis

By Rita Jane Gabbett on MeatingPlace

Nearly a quarter of the new customers flocking to Whole Foods since Amazon purchased it a month ago and lowered prices were regular Walmart shoppers, according to consumer traffic analysis by Thasos Group.

The analysis concluded that foot traffic to Whole Foods increased 17 percent year-over-year during the week of the price reduction beginning on Aug. 28. As of the week ended Sept. 16, foot traffic increases decelerated to 4 percent year-over-year, but remained elevated relative to the three weeks preceding Aug. 28.

The largest percentages of Whole Foods' new customers during the week of the price reduction were regular customers of the following competing stores:

- Walmart (24 percent)
- Kroger (16 percent)
- Costco (15 percent)

Controlling for the size of each competitor's regular customer base, the following stores experienced the highest rates of customer defection to Whole Foods:

- Trader Joe's (10 percent)
- Sprouts (8 percent)
- Target (3 percent)

Customer defection rates remained elevated for all competing stores as of Sept. 16. The new customers Whole Foods attracted with its price reduction were the wealthiest regular customers of the competing stores. The price reduction did not attract a lower income demographic or incentivize longer driving times to reach Whole Foods' stores.

Thasos Group is an alternative data intelligence firm that transforms real-time locations from mobile phones across the globe into objective and actionable insights on the performance of businesses, markets, and economies.

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