

Cow Country Reporter



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We had a good market this spring for feeders, but as normal our prices started to cheapen up in June and started to drift south. The fat cattle market has held pretty good but after the July 4th holiday it has gotten cheaper. The latest corn crop report looks good and we could see the second largest corn crop this fall if Ma Nature treats us right. Cheap corn will help our calf market and if we could have a fall like last year in the wheat growing country that would also firm up our calf market. Receipts at the local stockyards in Louisiana saw higher numbers for the first six months of 2017. Does this statistic mean we had more cattle numbers or higher prices early in the year, maybe some of both? Our cull cow market started to see higher prices in mid-July as processors were needing

inventory for school lunch programs and the last big "beef feast" that will end with Labor Day. I know it has been tough making hay this year as rain has hindered the drying/curing process. Everyone I talked to has been late getting hay made. What will the fall bring as far as prices are concerned? In Louisiana, our fall cattle run starts in mid-August and goes until Thanksgiving. The drought conditions in the mountain states has caused early selling of cattle or forced cow/calf producers to start feeding. So those calves may not hit the market in Oct/Nov which may cause the calf market to strengthen in late fall. Keep tuned into the market. Louisiana producers sold some steers on Superior Video July 31. Steers for August delivery (early) 575 lbs. \$155.00, 600-625 lbs. \$148.00. Steers for Oct/Nov. delivery 500-550 lbs. \$158.00-\$159.00.

Check out our weekly hot line for price information and enjoy the end of summer.

Dave Foster, CEO

MORE CATTLE IN AND OUTSIDE OF FEEDLOTS

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

Feedlots surprised the industry with sharply higher than expected June placements. Placements were up 16 percent, fully 10 percent higher than expected. This pushed feedlot inventories for July 1 up 4.5 percent from last year despite continued strong June marketings. Feeder cattle demand has been extremely strong based on very good feedlot profitability recently. Placements were up across all regions suggesting that placements were driven by industry-wide factors rather than regional factors. However, the Northern Plains drought likely contributed a bit to larger placements, especially the strong placements in South Dakota, up 67 percent year over year. In total, I don't believe that drought was the major reason for the large June placements.

Feedlot demand has dipped deeper into feeder supplies and feedlots have placed more lightweight cattle, beginning in May and especially in June where most of the increase in placements was in lightweight feeder cattle. This includes, for example, a 29.3 percent year over year increase in placements under 600 pounds. Placements over 800 pounds were up only 1.5 percent in June.

This is important when anticipating the impacts of larger placements the past four months. The lightweight placements in May and June will not be on top of earlier heavy placements. Moreover, placements have clearly

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MORE CATTLE IN AND OUTSIDE OF FEEDLOTS

pulled cattle ahead, meaning that more cattle placed now imply fewer relative placements later. However, overall feeder supplies are larger and will continue to grow into 2018.

The July Cattle report indicates a 2017 calf crop of 36.3 million head, up 3.5 percent from 2016. The estimated July 1 feeder supply outside feedlots is 37.0 million head. No comparison to last year is possible as the report was canceled in 2016 (and 2013 as well). The July 1 beef cow herd was 32.5 million head. When compared to the January beef cow inventory, this inventory level suggests that herd expansion is continuing in 2017. The ratio of the July beef cow inventory to the January level is the highest since 1993, during the last herd expansion. The total inventory of all cattle and calves for July 1 is estimated at 102.6 million head.

At the same time, herd expansion may be slowing down in 2017. The ratio of July beef replacement heifers to the January estimate is the lowest in the data series (though 2013 and 2016 are missing), perhaps suggesting that heifer retention is slowing. The quarterly estimate of heifers on feed was up nearly 11 percent from last year, adding additional support to the idea that fewer heifers are being retained as replacements. Heifer slaughter so far in 2017 is up nearly 11 percent and is likely to remain elevated for the balance of the year.

Taken together, this new data suggests that herd expansion is continuing in 2017, probably more modestly than the previous two years. Heifer retention appears to be slowing further and may suggest little or no herd growth in 2018. A bigger 2017 calf crop implies larger feeder supplies into 2018 and increased beef production into 2019 at least.

RECENT BEEF INDUSTRY "NEWS": GROUND BEEF AND BEEF PACKING CAPACITY

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

A couple of media articles caught my eye recently. The first was an article on Yahoo entitled "Why you should think twice before getting ground beef from the supermarket". The article reveals, apparently to the surprise of the author, that ground beef is often made from the meat of multiple animals and not just from a single animal. And apparently this is a major source of food safety concern for the author, though it's not clear why.

The fact is that ground beef is typically made from the trimmings of fed cattle combined with lean trimmings from cull cows to achieve the desired level of lean to fat in the product. Ground beef has been made this way for many years. It is also true that ground beef is inherently more risky compared to whole muscle cuts because of the increased surface area that results from grinding and the mixing of the product which increase the risk of contamination. This is true whether the ground beef is made with meat from a single animal or multiple animals. There are a variety of reasons why consumers might desire to raise or buy a single animal as the source of their beef... mostly for steak quality and consistency. I myself keep a half of beef in my freezer. However, a preference for single animal source of beef is not a legitimate reason to cast doubt on ground beef quality and safety in retail and food service markets.

I wonder if the author also realizes that not all the lettuce in a bagged salad nor the green beans in a can are from the same plant or field or farm; not all the milk in a jug comes from the same cow; and not all the buffalo wings in a bucket came from the same chicken. To suggest that ground beef made from the meat of multiple animals is an inherent food safety threat is at least an admission of general ignorance of food systems and at most a scaremongering disservice to consumers and the industry.

A second recent agricultural media article included the following statement: "Yet, a big part of last fall's (price) collapse was simply that we had insufficient packing capacity to handle the increase in the nation's cattle herd." No source or data was provided to support the statement. The average daily federally inspected slaughter level in 2016 was 95,913 head with a maximum daily level of 117,978 head on November 10, 2016. That was the only day in 2016 with slaughter above 117,000 head. This compares to five years earlier in 2012 when the average daily slaughter was 103,580 head and there were 225 days with slaughter above 117,000 head, including 205 days with slaughter exceeding 120,000 head.

Beef packing capacity declined from 2012 to 2016 including the closure of a major fed cattle plant in 2013 and some smaller plant closures in recent years. Published estimates of slaughter capacity suggest that capacity utilization (average daily slaughter as a percent of slaughter capacity) increased from 79 percent in 2012 to 83 percent in 2016 for the top 20 beef packing plants. However, there is no indication that capacity constraints contributed to 2016 fed cattle market conditions. So far in 2017, daily slaughter has exceeded 117,000 head 36 times with three times in excess of 120,000 head. Despite this fed cattle prices have recovered to unexpected levels since the fall of 2016. Slaughter capacity could become a factor at some point with continued herd growth but it is unlikely to be a significant issue for the foreseeable future.

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ANNUAL COVER CROPS A FORAGE SOURCE

Warm-season forages will be the best hay production option for planting this late in the growing season.

Recent rain in drought-stricken portions of North Dakota may make annual forages and cover crops viable forage options for hay production or grazeable pasture, North Dakota State University livestock and range management experts say.

Soil moisture has not been adequate to support the growth of annual crops in much of the state. In addition, recommended planting dates and seed availability will limit producers' options. Forage species selected will vary based on the primary planned use: hay, fall grazing or next-spring grazing.

Forage Species for Hay Production

"The best options this late in the growing season will be warm-season forages," NDSU Extension Service livestock environmental stewardship specialist Miranda Meehan says. "Foxtail millets have the shortest growing period (seed germination to heading). With drought conditions, Siberian millet will be your best option. Other options include sudangrass and sorghum-sudangrass hybrids."

These warm-season crops should be seeded no later than early August. Harvest the crops before a hard frost or directly following the hard frost to retain forage quality and palatability. Because of the shorter day length and cooler temperatures in late summer/early fall, getting sufficient dry down to put up hay can be difficult for sorghum-sudangrass hybrids.

Fall/Winter Grazing Recommendation

Producers have many options for planting forage that can be grazed late this summer through early winter. Foxtail millet, sudangrass and sorghum-sudangrass also can be used as pasture. However, once these crops freeze, livestock tend to be more selective about what they eat and increase waste through trampling.

"Cool-season cover crop mixtures make excellent pasture well into the early winter period," NDSU Extension rangeland management specialist Kevin Sedivec says. "Cool-season plants are less water-efficient and will be more prone to fail if the drought persists. Make sure ample moisture is available in the topsoil for plants to establish and grow."

Options for late-season cover crop mixtures include oats or barley, turnips and radishes. A combination of the species is best. Add a warm-season grass such as millet or sorghum-sudangrass to provide fiber in the diet.

A cost-effective seed mixture is 20 pounds of oats, 1 pound of turnips, 2 pounds of radishes and 4 pounds of millet per acre. Do not apply additional fertilizer because an increased risk of nitrate toxicity will occur.

Spring 2018 Grazing Recommendation

Winter annuals can be used for grazing next spring, helping reduce pressure on already stressed rangeland and pastures, Sedivec says. Winter annuals should be planted in September. Winter annuals include winter wheat, winter rye and winter triticale. Winter annuals can be used for early season grazing or haying later in the season.

Precautions

Many annual forages have toxic risks when growing under stress. Cereal grains, turnips and millet can be high in nitrates when grown in droughty conditions. Do not add any nitrogen fertilizers when planting these forage crops this summer.

The specialists recommend that producers also test for nitrate levels, especially if plant growth occurs under drought stress. Sorghum, sudangrass and sorghum-sudangrass hybrids are susceptible to prussic acid toxicity when immature or under stress, or directly after a frost.

"We realize that some producers may be reluctant to plant annual forages because of the fear of soil moisture depletion and desire to recharge the soil," Meehan says. "If the cover crop develops enough structure, it will aid in trapping snow and reducing evaporation for moisture conservation, potentially improving soil moisture for spring planting."

Visit <http://tinyurl.com/CoverCropOptions> for more information.

Source: North Dakota State University Extension

TSCRA CRIME ALERT: WATCH OUT FOR SALE SCAMS

TSCRA Special Rangers are warning folks about a recent case of fraud concerning the purchase of cattle online and reminding sellers to take precautions when accepting cashier's checks. If a buyer presents a cashier's check, do not accept a payment amount for any price other than the one that was agreed. Often, thieves will present a check for above the asking price and ask for this difference back, or to pay the driver for transporting the animal. It could take weeks before the scam is discovered, since many banks will hold a cashier's check for a period of time. It pays to be suspicious in this situation. If you suspect a transaction may be a scam, contact your Special Ranger.

Many people assume a cashier's check, which is a check issued by a bank and payable to a specific person, is as good as cash. By using a cashier's check, a buyer is guaranteed those funds by the issuing bank. However, technology has advanced to the point that thieves can create fake checks that would fool most people. Click here to read a few tips from the U.S. Department of the Treasury on avoiding cashier's check fraud...

Source: Texas & Southwest Cattle Raisers Association

DO CONSUMERS HAVE A LONG VIEW OR SHORT VIEW OF THE ECONOMY?

How consumers view the economy, from a long-term view or a short-term perspective, has implications for beef demand.

By: Nevil Speer

The stock market's run since the election has been nothing short of phenomenal. The major stock market indexes have strung together new records on a regular basis in recent months. In total, the markets have advanced about 15% in just a little over eight months.

Meanwhile, we've also witnessed a sharp rally in the beef market. Before the recent seasonal summer decline, fed cattle prices tacked on 48% between the October low and the May spring high. Meanwhile, the Choice-Select spread established a new all-time record this past spring, surpassing the \$30 mark.

Those types of gains garner lots of discussion about market behavior going forward. And that inherently brings focus on the state of the consumer. Your assessment of the consumer in the U.S. will likely depend on whether you have the long view or the short view relative to their general attitudes about the economy.

This week's graph illustrates the latest monthly Consumer Sentiment reading (July 2017 is preliminary) along with the 12-month moving average. The short-view perspective shows the index has declined from 98 earlier in the year to 93 in July – and this month's reading is steady with levels prior to the election.

However, the long-view perspective ignores monthly gyrations and sees consumer attitudes as slow and steady, working to higher ground; July's 12-month moving average now stands at 94.6 – the best mark since early 2005.

What's your general assessment about the economy in 2017? How do you perceive the current state of the consumer in the United States? Where do you see markets headed in the coming months? Leave your thoughts in the comments section below.

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