

# Cow Country Reporter



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## In This Issue

### News from your CEO

Oklahoma forage conditions update

Early winter storm and cattle on feed

The silver lining of COVID-19 for beef producers

Cows are critical for climate change

Rabobank's RaboResearch



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## News from your CEO

Louisiana cattle producers are busy finishing up planting ryegrass, tending to newborn Fall calves and preparing for winter. For those effected by our "Fall Hurricanes", y'all are "hooked up" repairing the damage left by the storm. Hopefully, the bulk of our calf crop is sold, if not try to rough them along until Thanksgiving or before Christmas. The prices for calves started lower in early October and fortunately receipts at local auction markets were lower, indicating the calf run was about over. These lower prices were

mostly caused by drought conditions in the wheat growing areas where our good Louisiana calves go to put on weight before entering the feedlot. Prices for finished cattle coming out of the feedlots should pick up starting this month as the food service industry looks to fill demand for the Christmas holidays.

As we gather together with family and friends this Thanksgiving, let us give thanks for our blessings and reach out to others who need a helping hand.

*Dave Foster, CEO*

## OKLAHOMA FORAGE CONDITIONS UPDATE

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

According to the Oklahoma Mesonet, the last thirty days are the sixth driest on record for this period in the state of Oklahoma. The situation is much more extreme in the western part of the state with the Panhandle, North Central, West Central and Southwest regions all reporting the driest total for this thirty day period in 100 years of records. All of these regions reported less than 0.1 inches of rainfall for the period. Drought conditions have expanded rapidly across the state with the Drought Monitor showing 32 percent of the state in some level of drought (D1-D4) and another 27 percent of the state abnormally dry (D0). One month ago in mid-September, just 17 percent of the state had D1-D4 conditions with another 9 percent abnormally dry (D0).

Deteriorating range and pasture conditions reflect the lack of rainfall. The latest conditions show that 13 percent of pastures are in very poor condition, up from 5 percent four weeks ago. Pastures in poor condition increased to 19 percent from 10 percent four weeks ago. Pastures in good to excellent condition dropped from 50 percent four weeks ago to 23 percent in the current data.

Winter wheat is an important winter forage in Oklahoma. The latest crop progress report shows that 69 percent of Oklahoma wheat is planted with 39 percent emerged, both ahead of the five-year average for this date. However, rapidly drying soil moisture conditions means that wheat growth will stall out very soon without additional rainfall. Wheat planted recently may not have sufficient topsoil moisture to germinate. Diminishing wheat pasture prospects is limiting stocker cattle demand for winter grazing and will impact cow-calf producers who count on wheat forage as part of winter feed supplies.

The October USDA-NASS crop production report included estimates for other hay and alfalfa hay production. The beef cattle industry in Oklahoma relies mostly on other hay, which is projected to be down nearly 14 percent from last year. Alfalfa hay, which makes up less than 13 percent of total Oklahoma hay production, is projected to be up about 7 percent year over year. In total, Oklahoma hay production is projected to be down nearly 12 percent in 2020. However, Oklahoma did have above average hay stocks at the beginning of the hay crop year on May 1.

With La Niña conditions firmly in place, warmer, drier winter weather is expected in Oklahoma. The Climate Prediction Center forecasts are for drought conditions to persist and expand eastward across the state through the winter. Eventually, declining water supplies may become an issue for cattle production, though I have not heard of major problems thus far. Current weather forecasts show limited prospects for rainfall in the next two weeks.

Drought conditions are no doubt adding to the seasonal pressure on feeder cattle and cull cow prices at this time of year. The dry conditions will likely

(continued on page 2)

## OKLAHOMA FORAGE CONDITIONS UPDATE

keep cattle markets under pressure until Thanksgiving at least. Cattle producers should assess forage, feed and water supplies now and develop a plan for the coming months. It could be a long winter.

## EARLY WINTER STORM AND CATTLE ON FEED

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

A large winter storm is advancing across the central U.S. bringing cold temperatures and some much-needed moisture. Oklahoma is expected to see a first freeze and precipitation ranging from rain to freezing rain to ice to snow though mid-week. Farther north and west, snow and cold are blanketing much of the Rocky Mountain and plains regions. Fluctuating temperatures and cold, wet conditions add additional stress and health challenges for cattle, particularly for weaning calves and receiving stockers and feedlot cattle.

Feedlots continued to build inventories in September leading to a record feedlot total for October 1, according to the latest USDA Cattle on Feed report. September placements were 105.9 percent of last year, larger than expected and higher year over year for a third straight month. Feedlot marketings in September were 106.2 percent of last year, slightly larger than expected. There was one more business day in September and daily average marketing were about one percent above last year. The October 1 feedlot total was 11.72 million head, 103.8 percent of last year and a record large October total for the data series back to 1996.

From July to September, the three-month total feedlot placements were up 8.5 percent year over year. In Kansas, placements were up 17.0 percent for the three months, leading to an October 1 inventory up 7 percent year over year. Nebraska placed 14.5 percent more cattle the past three months bringing the state feedlot inventory up 6 percent compared to October 1 last year. Colorado placed 9.3 percent more cattle from July to September resulting in an October 1 feedlot total up 12 percent year over year. Texas placements were up 2.0 percent since July with an on-feed total up three percent on October 1. Iowa has placed 1.9 percent less than last year in the past three months and has a feedlot inventory down five percent compared to one year ago. Oklahoma has placed 13.4 percent more in feedlots since July and has a total October 1 feedlot inventory equal to last year.

The winter storm this week will provide a significant management and production challenge for feedlot cattle. This follows excellent feeding conditions for much of this year. The Kansas Focus on Feedlots data shows that feedlot average daily gains have been above year ago levels all year with improved feed conversions as well. Improved gains and feed efficiency have pulled feedlot cost of gain below year ago levels. Excellent feedlot performance has contributed to heavy cattle weights thus far this year. The latest weekly data on steer carcass weights are at 928 pounds, up 27 pounds year over year. Heifer carcass weights are at 846 pounds, 17 pounds above this time one year ago. Carcass weights should reach a seasonal peak in late October or early November and may match or exceed previous record levels. Steer carcass weights reached a record 930 pounds the week of October 17, 2015. Year to date average steer carcass weights are well above the previous record level in 2015 and will no doubt reach a new record level in 2020, above 900 pounds for the first time.

## THE SILVER LINING OF COVID-19 FOR BEEF PRODUCERS

*The great news for the beef industry is when consumers did dine out in 2020, they were choosing meat.*

By: B. Lynn Gordon, freelance writer from Sioux Falls, S.D.

As beef producers, understanding the marketplace for beef means learning about the consumers of our product. "It's good that you as a producer know what is on these folks' minds when they think about the meat industry," said Danette Amstein, principal of Midan Marketing, during a virtual educational session hosted by the American Hereford Association.

In their quest to be a conduit between the consumer and the meat industry, Midan Marketing has continued to survey consumers throughout 2020, following the trends surfacing due to COVID-19 and benchmarking them against longer-term trends and preferences of beef consumers.

"A silver lining of the pandemic is that consumers are eating more meat," reported Amstein. "Due to the pandemic, consumers have become even more conscious of quality and health claims associated with food, and despite 82% of them being concerned about the economy, they are trying to keep themselves healthy due to COVID."

More and more consumers, 62% of them, have found themselves trying new recipes, cooking, and preparing meals as their options for eating out were limited or shuttered. Google searches have spiked as people ask questions like, How do I grill a steak? or How do I cook a roast?

The great news for the beef industry is when consumers did dine out in 2020, they were choosing meat. Eighty-five percent of consumers indicated they were regularly eating a meat dish when dining out and if eating out for dinner, they indicated beef was their popular choice. As an industry, "the goal needs to focus on keeping meat a relevant option."

In her message, Amstein shared the best way to keep meat on a consumer's plate is to speak directly to their needs. Meat consumption choices vary across the generations with baby boomers spending a lot on meat, but the industry will also want to keep a close eye on consumers in the Gen Z and Gen Alpha (those under 10 years old) generations because they will control the future of meat consumption. "Each generation is more racially and ethnically diverse than any generation before them," which also influences their food choices.

Midan's consumer surveys have shown both Millennial and Gen Z's are focused on the environment and animal care, as well as the nutrition of the animal plus their own nutrition. In fact, Millennial moms represent \$200 billion in spending power and 86% of them are willing to pay more for a product that offers full transparency.

A new term surfacing across today's consumers is ethically sourced. "More consumers are talking about ethically sourced in the past 12 months," she said, "as they are interested in knowing more about the values that guided the decisions of beef production practices."

"COVID-19 has been rocket-fuel for online grocery shopping, but especially shopping for meat," explained Amstein. With their concern for eating healthy over the past seven months, consumers wanted to keep meat in their diet but they didn't want to go into the grocery store to purchase it.

Online purchase of grocery items is not unique, but not to the scale seen during COVID and online meat purchases were rare. The challenge this presents the meat industry is "we want to be sure we are representing our product

extremely well online.”

Meat consumers continue to put a growing emphasis on animal welfare, sustainability, and transparency, all trends established with the millennial generation. The focus on sustainability further escalated this summer, when in August, “Walmart announced they want their beef supply in Walmart stores and Sam’s Club stores to be completely sustainable by 2025,” said Amstein. What this means and looks like is yet to be determined as the industry continues to grapple with a uniform definition of sustainability.

However, one aspect Amstein is sure of is the importance of telling the story of how beef is produced. That’s an essential step to build consumer’s trust. For example, 66% of beef eaters are aware of third-party verification and they are willing to pay more for it because they feel better about the transparency associated with verification.

“Trust is our make or break,” said Amstein. “Be proactive to tell our story.”

If you are not doing it, start telling your story. If you are sharing your story, do it more often or find someone who can help tell your story, she encouraged producers.

Social media is one outlet that allows producers to talk directly to consumers, but any chance you as a producer have to tell your story, explain your animal welfare, sustainability, and other production practices is pivotal to building consumers’ confidence in beef.

## **COWS ARE CRITICAL FOR CLIMATE CHANGE**

By: Donna Berry

It is essential that all food manufacturers think ahead in order to provide nutrition for an anticipated population of 10 billion by 2050. Some regions are experiencing increased heat and drought, while others have flooding and large, damaging storms. Agricultural lands are at risk with both scenarios, which is why industry stakeholders are doing their part to improve the ecosystem; and it all comes down to the soil.

A new documentary, “Kiss the Ground,” which is narrated by Woody Harrelson, details how regenerative agriculture has the potential to balance the earth’s climate, restore lost ecosystems and feed the world. Cows are an important part of the regenerative agriculture movement and involves managing land, cows and manure.

Regenerative agriculture is a holistic, principles-based approach to farming and ranching that seeks to strengthen ecosystem and community resilience. These practices pull carbon from the air and store it in the soil and can help the land be more resilient to extreme weather events. Additionally, regenerative agriculture practices help to increase water infiltration, improve nutrient cycling and reduce soil erosion, which have been shown to positively impact the quality of nearby lakes, rivers and streams. These benefits can translate to farmers’ pocketbooks by ensuring that more nutrients stay in the field to be absorbed by plants rather than lost to wind or water erosion. Regenerative practices on livestock farms can look slightly different than row crop farms, specifically incorporating adaptive grazing on pastures and cropland.

“Healthy soil is the cornerstone of everything we do,” said Carl Gerlach, chief executive officer of Maple Hill Creamery, Chicago. “We work tirelessly within our network of organic 100% grass-fed dairy farmers to develop and implement practices that result in the regeneration of the land through the management of organic grass-fed cows.”

“When managed in harmony with nature, grazing cows are one of the most effective tools on earth as far as igniting the life in the soil, which is the foundation of the carbon cycle,” he said. “We believe that 100% grass-fed organic dairy farming done right is the pinnacle of organic and leaves the soil better than we found it.”

The same is true for beef cattle. Ruminant animals are critical to the future. Here’s why.

A stalk of corn provides two to three cobs. Humans can only digest the kernels, and for that matter, not even all the kernels. The fibrous outer shells of corn kernels pass through the gastrointestinal system undigested due to lack of the necessary digestive enzyme. The rest of that corn plant is useless to humans for energy; however, it’s a meal for ruminant animals such as cows. Cows effectively convert the nutrients in that stalk, husk and cob to meat and milk for human consumption.

A new report from The Center for Food Integrity (CFI) explains how, for the last half century, US animal agriculture has focused primarily on improving productivity, efficiency and throughput, resulting in increasing supplies of commodities that have helped assure a safe, abundant US food supply and growing export markets. The report shows a pivotal shift in cultural and market expectations for animal protein, and four emerging trends where the industry can innovate.

“American consumers have benefitted from the consistent growth in productivity and efficiency, spending less of their disposable income than consumers in any other country on food,” said Charlie Arnot, CFI CEO. “But we’ve reached an inflection point where engaged consumers, investors, policy makers and other key stakeholders have new priorities and are asking whether attributes beyond productivity and efficiency deserve greater focus.”

Four emerging innovation opportunities

The research identifies four major opportunities for the animal protein space.

1. Fresh and high quality. A key opportunity is consumer desire for high-quality animal proteins, no matter the cut, because consumers view fresh, high-quality protein as healthier than low-end cuts.
2. Stretching meat purchases. Consumers facing financial uncertainty are seeking ways to make meat last longer for their families, which means saving money and making fewer trips to the store.
3. Ethically raised animals. Consumers continue to express concern about supporting industrial scale farms, but they don’t want to give up easy, affordable animal proteins. “Easy” means easy access and easy to prepare with a solid nutrition profile.
4. Plant-based alternatives. Consumers are conflicted. They aren’t impressed with the taste of many plant-based alternatives, even when they’re looking to reduce meat consumption. They prefer the taste and texture of real animal products, but plant-based alternatives are perceived by some as “better for me and better for the planet.”

It’s time to spread the message about cows and their role in regenerative agriculture.

Consumers engaging on the topic of animal protein sit squarely in the driver’s seat as the nation continues to adapt to the evolving reality of the pandemic. Already, some innovators are actively working to meet their expectations with products that give consumers permission to enjoy animal protein, Arnot said.

“Those who follow the lead of consumers, leverage these newly identified opportunities and address the increasing array of complex challenges without sacrificing efficiency will rise to the top as the likely winners,” he said. “And those committed to preserving the status quo will be left behind.”

UTRECHT, NETHERLANDS – In its latest report, “North American Agribusiness Review,” Rabobank’s RaboResearch laid out the possible market instability in the fourth quarter of 2020 for the US meat industry as COVID-19 cases rise again during the winter months.

The analysis stated that the American recovery pace is already slowing as households and businesses are struggling with the impact of the virus.

Rabobank also pointed out that a highly contested 2020 US election, the ongoing tensions with China, and the lack of stimulus money will all be factors for the industry moving forward.

“Although some headwinds may turn out less severe than others, US recovery is in for a serious test in Q4, which could cause a temporary setback,” RaboResearch said. “The headwinds are likely to cause considerable market turbulence in Q4.

Beef numbers are showing some recovery, with cattle slaughter running at or slightly above levels from 2019. However, Rabobank is finding that fed cattle carcass weights are still 20+ lbs above last year. The numbers indicate beef production remains down 1% from 2019 with total beef production to close roughly 0.5% above last year.

Rabobank showed that pork production is on the uptick again, with harvest levels back to 95%, compared to 2019. According to the report, slaughters topped 2.7 million hogs during mid-October for the first time since March. However, the group warns of more fluctuation in this market similar to the spring.

“Markets continue to contradict USDA inventory reports, which projected a sizeable overhang in market-ready pig supplies in the coming weeks,” Rabobank said. “While weights have moved higher on cooler weather and new crop corn, we have seen little evidence of burdensome hog supplies with packer capacity in coming weeks.”

The group did point out that any plant disruptions could drive a sharp correction in market prices.

Another positive for the pork market is carcass values are up 46% from the lows in June and up 17% in the past month on continued export demand.

According to August export numbers (Mexico down 9%, South Korea 34%), US exports remain down in some countries, but the demand has grown again in China, which is up 21% and Japan up 9%.

Rabobank said the recent ban of pork imports from Germany following its African swine fever outbreak has led to more demand from the United States.

Finally, the review explained that the poultry sector shows limited growth for the year, while bird weight remains up 1% to 1.5% from the previous year.

RaboResearch said chicken prices remain depressed as excess protein supplies continue to look at global and domestic markets.

The report said: “High retail prices of many chicken products continue to limit consumer interest, with scarce retail ad support, large suppliers of competing proteins, and growing supplies of chicken, we see limited improvement in prices in the near term.”

Another element for all meat prices and production is still an uncertain holiday season coming up as COVID-19 cases continue to surge around the United States.

“With fewer in-person conference and holiday parties, business demand will be weak,” the report said.

“Furthermore, the outdoor patio dining that supported dine-in restaurants throughout the summer will be much less appealing in colder weather.”

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