

Cow Country Reporter



December 2023 Volume 15 Issue 12

News from your CEO

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The year 2023 is coming to a close and what a year it has been! Late freeze, heavy rains early, wild fires and drought just to name a few weather calamities, not to mention wars and political upheaval. The bottom line, Louisiana cow/calf producers realized \$70.00 cwt. to \$80.00 cwt. price increase from 2022 for their calves they marketed in 2023. Prices for cull cows have gained in price and held up well through this year. According to LA Dept. of Ag. and Forestry cattle receipts at the 7 Louisiana auction barns through November were 10,000 head higher than last year's total. I believe we could see a 20,000 head increase year over year. Prices remain good and demand for our good Louisiana calves under 600 lbs. going to wheat

pasture remains good. The big question is, what about next year? Normally from January to mid-March receipts at our local auctions during those months are light to moderate, however, with the big sell offs of cows and calves headed to wheat pastures, what will the cow/calf producers be selling during this time. A weekly publication, The Cattle Range, had a picture of the U.S. and listed the numbers of "change in beef cows 2022-2023. Here are some numbers in 1000/head; LA -14, MS -29, AL +6, GA -9, FL -7, TN -49, KY -71, TX -125, OK -140, KS -106, MO -39. Lower cow numbers coupled with good demand in 2024 could be good news for our cow/calf producers.

May your Christmas be special and your New Year profitable!
MERRY CHRISTMAS!
Dave Foster, CEO

THE MARKETS ARE TELLING THE 2023 STORY

The lack of cattle is beginning to impact the marketplace.

By: Doug Ferguson

Be careful what you wish for is something I have been thinking about the past week. As the 11th month of the year just concluded we have seen an interesting cycle in the market. The start of the year began with hope and the new wave of prosperity to come. As prices increased we saw greed step in. People who haven't owned cattle in years decided to buy some. Now we are seeing fear as prices pull back.

Market ups and downs

Anyone who has been around the business for a minute should know that a healthy market trades up and down, while trending in an upward direction. We have all heard things like "high prices, cure high prices," or the fabulous Gordon Hazard quote, "You can't throw a stone so high that it won't come down." So we all know this is going to happen. When people express emotions of shock, anger, fear, or panic, I guess the timing wasn't convenient for them. One thing I heard this week that really got me was, "We need to get to the bottom so we can begin to rebuild." Be careful what you wish for. I remember buying six weight feeder bulls in the fall of 2015 for 98 cents, when six months earlier five weight steers were bringing \$3.00. Even the rookies remember that ride and don't wish to repeat it.

For people who think the good times are correlated to price, it's not fun right now. The profit trackers are telling us that feed yard closeouts are riddled with red ink. The fantastic thing is sell/buy is a real time cash flow reckoning. While the cozeners were posting to the chat boards and discussion groups about the high prices of feeder cattle telling us the good times are here, the legit sell/buy practitioners realized that those feeder cattle were bought at a loss. They were overvalued to fats. Now the profit trackers are finally catching up.

Break evens

Some of those cattle that were purchased this summer have a break even close to \$2.10. For those who may not know fats are around \$1.75. We all

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THE MARKETS ARE TELLING THE 2023 STORY

have heard the definition of insanity is trying to do the same thing over and hoping to get different results. If you still run break evens you know this is going to come around.

If we don't run a break even what are we supposed to do? The answer is learn to calculate a Return on the Gain (ROG).

Don't miss the opportunity

While driving to a local cattle auction, I listened to a Charlie Munger interview. In there he said that ignorance is the most expensive price we pay. He warned not to miss an opportunity because we are not wise enough to see it.

A short time later I was sitting at the auction where I could clearly see the opportunity. Even if the feed yard sold fats at \$1.75 they could have replaced them with certain groups of feeders that had a ROG of over \$1.80! Imagine that, positively cash flowing in this week's market.

Munger was asked about the use of algorithms in that interview, and he replied he never used them. He only used the simplest form of algebra. That's what sell/buy marketing is when we correctly implement a cattle square to find the Efficient Market Value of cattle, which is the maximum amount we can pay and still hit our profit target. For those of you not familiar with legit sell/buy marketing what I just explained is our control is on the buy, and we capture our profit on the buy. This is why break evens are useless, and we already established their track record.

Another thing Munger mentioned is to find somebody, in this case something, with a solid paper record. Break evens fail when the market goes down, but ROG are always solid.

Is there a bubble?

It hit me yesterday, and I am not sure why no one ever mentioned this before. Sell/buy marketing has never experienced a bubble. In fact, it doesn't even recognize bubbles like other forms of marketing do. Because it doesn't recognize bubbles and relies only on simple math, it enables us to positively cash flow through market ups and downs.

Some market commentaries have stated that the markets were down \$10-\$17 this week. I wonder why they looked over the ones that were only down \$3, or steady, or \$10 higher? Either way this kind of market turbulence really causes the relationships between weights shake up, and that is what creates prosperous opportunities for those who have the market literacy to spot them. Remember what Munger said the most expensive price to pay is.

Marketing schools

If you would like to avoid paying the most expensive price I have two sell/buy marketing schools coming up in February and April. To register, visit Marketing Schools – Mr Cattlemaster. Or you can purchase one of Ann Barnhardt's cattle marketing DVD sets here. Either one of these would make a great Christmas present, and after that person learns how to positively cash flow no matter what the market does next year, they will be able to afford a really nice present for you.

Value of gain

I covered the turbulence in the markets this week. This certainly had an impact on Value of Gain (VOG). A sale could have a VOG of over \$3 on one weight class and 24 cents on another one. The part that tests people's patience is when you go to another sale the very next day and VOG is not consistent. I mentioned exercising our control, and sometimes that means going home with an empty trailer.

Cancelled cattle auctions

Another thing to be aware of is the lack of cattle numbers. It is starting to have an impact. Some sale barns have cancelled sales for the month of December. I spoke to some Canadians this week and they told me they have had sale cancellations up there, as well. The first 11 months have been interesting and unique and it appears we will finish the last month of the year that way.

Feeder bulls were up to 60 back this week, and fleshy cattle took a discount up to 15 back. That kind of discount on a heavy weight feeder devalued the feed it ate. While some of the prices for cattle are coming down the price of feed is not.

USDA MAKES CHANCES TO TWO LIVESTOCK DISASTER ASSISTANCE PROGRAMS

FSA waiving requirement to submit ELAP or LIP notices of loss within a pre-determined number of days for 2023.

The USDA has waived certain notice of loss requirements for 2023 for the Emergency Assistance for Livestock, Honeybees, and Farm-raised Fish and Livestock Indemnity Program. In an effort to streamline assistance to support access to critical 2023 natural disaster recovery assistance, USDA's Farm Service Agency is waiving the requirement to submit ELAP or LIP notices of loss within a pre-determined number of days for 2023.

Instead, producers have the flexibility to submit 2023 notices of loss as soon as possible, once losses are realized, following a natural disaster event or no later than the established annual program application for payment deadlines for each program. FSA county committees are also being asked to re-evaluate 2023 ELAP and LIP late-filed notices of loss to determine if the waiver applies.

"Our goal is to get producers into these disaster programs, and they are always encouraged to turn in an application if they believe they are eligible," said FSA Administrator Zach Ducheneaux. "Program improvements are only effective if we ensure producers have sufficient time and information needed to submit their application.

"The ELAP and LIP waivers we are announcing today, in response to historic disasters in 2023, improve efficiencies for producers and our staff, are responsive to feedback about confusion regarding program timelines and are intended to give our staff the time needed to deliver the right support to producers when they need it most. These waivers are also reflective of FSA's efforts to integrate improvements and accessibility into our policy decisions. It's critical that we increase awareness of these program flexibilities so all producers can participate."

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USDA MAKES CHANGES TO TWO LIVESTOCK DISASTER ASSISTANCE PROGRAMS

ELAP

ELAP provides recovery assistance to eligible producers of livestock, honeybee, and farm-raised fish losses due to an eligible adverse weather or loss condition, including blizzards, disease, water shortages and wildfires. ELAP covers grazing and feed losses, transportation of water and feed to livestock and hauling livestock to grazing acres. ELAP also covers certain mortality losses for livestock including honeybees and farm-raised fish as well as honeybee hive losses. ELAP is designed to address losses not covered by other FSA disaster assistance programs.

For 2023, FSA is waiving the regulatory requirement for producers who are eligible for ELAP to file a notice of loss with FSA within 30 calendar days from when the loss first became apparent for livestock and farm-raised fish and 15 calendar days for honeybees. Under this waiver, notices of loss are to be completed by the eligible producer and submitted to FSA no later than the annual program application deadline of Jan. 30 following the program year in which the loss occurred. Therefore, producers who incurred ELAP-eligible losses in 2023, will need to submit a notice of loss by Jan. 30, 2024.

LIP

LIP provides disaster recovery assistance to livestock owners and contract growers who experience livestock deaths, in excess of normal mortality caused by eligible loss conditions including adverse weather, disease and attacks by animals reintroduced into the wild by the federal government or protected by federal law, including wolves and avian predators. LIP also helps livestock owners who must sell livestock at a reduced price because of an injury from certain loss conditions.

For 2023, FSA is waiving the regulatory requirement for producers who are eligible for LIP to file a notice of loss within 30 calendar days from when the loss first became apparent. Under this waiver, producers are still required to complete and submit the notice of loss to FSA no later than the annual program payment application date, which is 60 calendar days following the program year in which the loss occurred. The LIP payment application and notice of loss deadline is Feb. 29, 2024, for the 2023 program year.

2023 disapproved applications

FSA county committees will review all notices of loss for both ELAP and LIP that were previously disapproved for the 2023 program year due to late filing and re-evaluate them to determine if the waiver applies. To receive ELAP and LIP benefits, producers will still need to file an application for payment by the established program deadline for the 2023 program year. Producers who are unsure about the status of their notice of loss or application for payment, should contact their local FSA county office as soon as possible.

Supporting documentation

Accurate records and loss documentation are critical following disaster events and are required when filing notices of loss with FSA. Acceptable loss documentation includes:

- Documentation of the number, kind, type and weight range of livestock that have died, supplemented, if possible, by photographs or video records of ownership and losses.
- Rendering truck receipts by kind, type and weight - important to document prior to disposal.
- Beginning inventory supported by birth recordings or purchase receipts.
- Documentation from Animal Plant Health Inspection Service, Department of Natural Resources, or other sources to substantiate eligible death losses due to an eligible loss condition.
- Documentation that livestock were removed from grazing pastures due to an eligible adverse weather or loss condition.
- Costs of transporting livestock feed to eligible livestock, such as receipts for equipment rental fees for hay lifts and snow removal.
- Feed purchase receipts if feed supplies or grazing pastures are destroyed.
- Number of gallons of water transported to livestock due to water shortages.

The improvements to ELAP and LIP build on others made since 2021. This includes ELAP benefits for above normal costs for hauling feed and water to livestock and transporting livestock to other grazing acres during a qualifying drought. FSA also expanded eligible livestock under ELAP, LIP and the Livestock Forage Disaster Assistance Program, and increased the LIP payment rate for beef, beefalo, bison and dairy animals less than 250 pounds and most recently beef calves over 800 pounds. Learn about USDA disaster assistance programs [here](#).

USDA TAKING COMMENTS ON TRADE PROGRAM

Legislative Watch: RAPP similar to Agricultural Trade Promotion; USDA postpones pork line speeds decision; confirmation hearing for new Rural Development head.

By: Eric Bohl

From now through Dec. 18, USDA is accepting public comments on a proposed trade promotion effort. The Regional Agricultural Promotion Program will be funded by the Commodity Credit Corporation and will help U.S. producers expand opportunities to sell their products in foreign markets. Comments on RAPP can be submitted through USDA's website.

RAPP was developed in response to a request by Senate Agriculture Chair Debbie Stabenow (D-Mich.) and Ranking Member John Boozman (R-Ark.) to bolster existing trade promotion programs. USDA plans to spend \$1.4 billion from the CCC, a USDA fund established in 1933 to promote commodities and markets for agricultural goods.

In the first year of the program, USDA plans to spend up to \$300 million through awards to organizations like cooperatives, state departments of agriculture and agricultural commodity groups. The new program will be functionally similar to the Trump administration's Agricultural Trade Promotion program.

In the debate over the upcoming farm bill, ag groups have placed a high priority on expanding funding for the Market Access Program and the Foreign Market Development Program. The two programs have been stagnant for over 15 years, with flat funding levels of \$200 million for MAP and \$34.5 million for FMD annually. RAPP will supplement MAP and FMD to further expand market opportunities.

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USDA TAKING COMMENTS ON TRADE PROGRAM

USDA postpones final decision on pork line speeds

A much-anticipated decision by USDA has been postponed up to an additional 90 days. Six swine processing facilities have participated in a two-year trial program to increase slaughter line speeds. USDA was expected to decide this week whether to end the program or expand it to more facilities.

Rather than make an up-or-down determination, USDA chose to extend the pilot project for about three months while the Food Safety and Inspection Service collects more data on the impact on workers. The plants, located in Illinois, Michigan, Minnesota, Nebraska and Pennsylvania, have been implementing the program under the supervision of FSIS and the Occupational Safety and Health Administration.

Pork processors see the pilot program as an opportunity to more efficiently produce a higher quantity of meat and increase overall industry capacity. Worker safety advocates have raised concerns that higher line speeds could increase injuries.

Senate holds confirmation hearing for new Rural Development head

On Thursday, the Senate Agriculture Committee held a confirmation hearing for Basil Ivanhoe Gooden to become the new Under Secretary of Agriculture for Rural Development. The post has been vacant since Xochitl Torres Small was confirmed in July as USDA Deputy Secretary.

The hearing, which also considered a nominee to the Commodities Futures Trading Commission, lasted more than an hour and a half. The committee must now vote to approve Gooden to the position, an action that is expected to take place next week.

USDA Rural Development oversees many programs benefitting rural America, including wastewater treatment facilities, community buildings and broadband internet.

"If I have the honor of being confirmed, I will work with my Rural Development colleagues to implement the priorities of ensuring our program applications are easier for our customers to access and complete, modernizing Rural Development to better use technology to streamline our work, supporting and investing in our extraordinary workforce and strengthening our partnerships to better deliver and leverage resources throughout rural America," Gooden said. "Through these priorities, we'll continue our work in advancing racial justice, equity, and rural prosperity; strengthening the food supply chain; advancing our clean energy programs; and creating more and better markets for farmers, ranchers and rural business."



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