

Cow Country Reporter



April 2019

Volume 11 Issue 4

News from your CEO

In This Issue

News from your CEO

Spring cattle market roundup

Catching up with cattle on feed data

Trump Administration Wrong to Lift Brazilian Fresh Beef Restrictions

Transparent beef opportunity

Beef import vs. export values. Where does the U.S. stand?



Cattle Producers Of Louisiana
P.O. Box 886
Prairieville, Louisiana 70769
Website: www.lacattle.org
Toll Free: 888-528-6999

Dave Foster
Chief Executive Officer
info@lacattle.org

Well, we are now in April and the cattle business is starting to get busy. According to the weather people in Baton Rouge the first quarter of the year (Jan-Mar) is the 3rd driest year on record, hard to believe (as of April 1 2019 Baton Rouge area is 8 inches behind "normal" year to date)!

Replacement cattle sales are on the agenda for this month at your local Louisiana auction markets. Superior Livestock Video Gulf Coast Classic in Natchitoches, LA April 4 & 5 will offer about 200 loads of Louisiana calves and yearlings out of about 57,000 head total for the two-day sale. The bulk of the Louisiana calves will be for summer and early fall delivery (June-Sept). This sale will be a good benchmark of "out front" calves, but REMEMBER these prices are for load lots of calves with all the "bells and whistles" (shots, herd health, some

weaned, repeat consigners) so plan accordingly when you consult your marketing rep.

Region 5 is hosting a CPL Information Meeting April 11, 2019 at Sheriff Austin Daniel's ranch in St. Francisville, LA at 6:00 pm.

Demand for our Louisiana calves continues to improve and summer grazing coupled with fall wheat-grazing calves fits our calf marketing well. Once we get into October and November we start competing with the rest of the country. Slaughter cow prices started to decline in late March and we probably will not see much improvement until July and August when the school lunch program gets started as well as the last hurrah in grilling season, Labor Day. Enjoy the green grass and baby calves and contact me if you want a meeting in your area.

Dave Foster, CEO

SPRING CATTLE MARKET ROUNDUP

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

The March Cattle on Feed report brings the feedlot data up to date and back on schedule following the federal government shutdown. February feedlot placements were 102.2 percent of last year. This was significantly larger than expected with year over year increases in placements of cattle weighing 800-900 pounds and cattle weighing less than 700 pounds. The February placement total is the largest for the month since 2000. Feedlot marketings in February were 100.5 percent of one year ago, close to pre-report expectations.

The March 1 feedlot inventory was 11.796 million head, 100.7 percent of one year ago and the largest March on-feed inventory since 2008. Over the last twelve months, the average feedlot inventory was 11.529 million head, the largest twelve month moving average since January 2000. The twelve month moving average reached a recent low of 10.375 million head in October 2014 and has increased most months since then. For the last twelve months, feedlot inventories have averaged 11.1 percent higher than the annual average of the October 2014 low.

Although the data are mostly caught up, March weather combined with previous winter conditions continues to create uncertainty about cattle market conditions. The long cold winter has been characterized by persistent and deep snow in some places and wet, sloppy conditions in others. Now floods are devastating large regions along the Mississippi and Missouri river basins with additional flooding expected. The impacts on crop and livestock markets are likely to be felt for many weeks and months to come.

On the crop side, losses of stored grain, hay and other products will have immediate impacts on the producers affected and perhaps on broader markets. Disruptions to transportation may be the biggest impact with truck, rail and river transportation all impacted by the floods and associated

(continued on page 2)

CATCHING UP WITH CATTLE ON FEED DATA

damage and likely to be affected for weeks ahead.

Cattle and beef markets are currently impacted with lower fed cattle weights, lost performance and, no doubt, increased animal morbidity and mortality. The timing of the floods are particularly insidious given that it is calving season for many cow-calf operations. This is likely to result in cattle losses even greater than would be expected during floods. It will take many weeks to fully assess the cattle losses due to winter weather and the floods.

Boxed beef cutout values have increased seasonally through the first quarter; boosted no doubt by smaller than expected beef production. Fed (steer and heifer) slaughter is down 0.2 percent year over year thus far in 2019 combining with smaller carcass weights to reduce beef production by 1.4 percent thus far in 2019. In the latest weekly data, steer carcass weights are down 10 pounds year over year and heifers are down 9 pounds compared to the same week one year ago. Thus far in 2019, steer carcasses have averaged 6.4 pounds lower year over year with heifers down 11.2 pounds for the year to date. Fed cattle prices have ground higher seasonally but may see an extended opportunity for a spring peak given the on-going weather impacts.

Feeder cattle markets have generally followed seasonal patterns with calves moving higher since January. Though calf prices typically peak in early April, delayed grass demand may extend the seasonal strength deeper into April. Heavy feeder cattle (over 700 pounds) have been steady to weaker seasonally through March and should begin moving higher towards a late summer price peak. Recent weather impacts are difficult to isolate in feeder cattle markets but are surely reflected in current markets and will be for some time. Calf losses this spring will not really become apparent until fall and may possibly be big enough to affect the overall 2019 calf crop.

TRUMP ADMINISTRATION WRONG TO LIFT BRAZILIAN FRESH BEEF RESTRICTIONS

Billings, Mont. - Today, R-CALF USA CEO Bill Bullard issued the following statement regarding President Trump's recent announcement that he would "expeditiously schedule a technical visit" by the U.S. Department of Agriculture (USDA) as a means of lifting restrictions on the importation of fresh or chilled (fresh) beef from Brazil.

"President Trump's capitulation to Brazil's demand that the U.S. quickly resume fresh beef imports is a classic example of politics trumping science. Decades ago, the USDA Food Safety and Inspection Service (FSIS) declared Brazil's food safety inspection system to be equivalent to that of the United States and Brazil was limited to export only pre-cooked beef as a precaution to prevent the introduction of the dangerous foot-and-mouth disease (FMD) into the United States.

"Despite strong evidence to the contrary, the USDA Animal and Plant Health Inspection Service (APHIS) determined in 2015 that Brazil was free of dangerous foot-and-mouth disease (FMD) because of Brazil's FMD vaccination program. This opened the door for Brazil to begin exporting fresh beef to the United States.

"However, Brazilian slaughtering plants had consistently failed to pass U.S. food safety audits. Miraculously, after conducting at least 18 audits of food safety practices in Brazilian slaughtering plants, all of which failed due to numerous food safety infractions, the USDA FSIS nevertheless determined in 2015 that certain Brazilian slaughtering plants could begin exporting fresh beef to the United States.

"Then Agriculture Secretary Tom Vilsack applauded this news and welcomed the first shipments of fresh Brazilian beef to the U.S. in September 2016. United States cattle prices tumbled throughout 2016 in anticipation of and in response to Vilsack's pronouncements.

"But the truth of Brazil's food safety deficiencies was soon disclosed and in 2017 Brazilian beef packers were cited for food safety-related corruption and Brazilian fresh beef exports were deemed adulterated and unsafe. Although he resisted for months, Agriculture Secretary Sonny Perdue finally suspended Brazilian fresh beef imports in June 2017.

"In a purely political move, Purdue did not revoke Brazil's equivalency determination. In other words, despite the widespread corruption involving Brazil's food safety systems, and despite repeated failures to address FSIS audit findings over nearly two decades, the U.S. Secretary of Agriculture continues to recognize Brazil as having a food safety system equivalent to that of the United States.

"At best this makes a mockery of the U.S. equivalency standard for foreign food safety systems. At worst it subjects the U.S. cattle industry to a clear and significant danger of FMD introduction and consumers to unsafe beef for which there will be no origin designation due to Congress' repeal of mandatory country-of-origin labeling.

"This danger arises because the United States' current default policy is that Brazil is eligible to export fresh beef to the United States.

"At the stroke of a pen, a politically motivated FSIS auditing team, acting on behalf of President Trump, can lift the flimsy restriction on Brazilian fresh beef imports that Purdue was forced to implement. There will be no rulemaking, no independent scientific analysis, no public comment.

"If the restrictions are lifted, the decision to do so will be as political as the decisions made by the previous administration.

"This means the only meaningful protection available to U.S. cattle producers against the introduction of FMD and to U.S. consumers against consuming unsafe beef will be sheer luck."

###

R-CALF USA (Ranchers-Cattlemen Action Legal Fund, United Stockgrowers of America) is the largest producer-only cattle trade association in the United States. It is a national, nonprofit organization dedicated to ensuring the continued profitability and viability of the U.S. cattle industry. For more information, visit www.r-calfusa.com or call 406-252-2516

TRANSPARENT BEEF OPPORTUNITY

More and more consumers are demanding to know where their food comes from and that could be an opportunity for beef producers, especially when it comes to traceability.

By: Wes Ishmael

Knowing where their food comes from, how it was raised and all the rest is becoming less of an option and more of a deal-breaker with consumers.

"Consumer demand for more transparency and a sense of connection to where their food is grown or produced continues to have a significant impact on food supply chains," according to a recent report from CoBank's Knowledge Exchange Division. "At the retail level, customers are looking for labels that indicate farm management practices."

Specifically, based on Nielsen data, the KED folks say products with some form of transparency claim on the label represent 31% of all sales, and that figure is increasing. Think here of labels indicating such things as "antibiotic-free" or "free of artificial ingredients."

"You have customers who want to have a personal experience with their food," says Leann Saunders, president and co-founder, Where Food Comes From Inc. "Retailers have had to increase the differentiation and diversity of their products with information about product attributes."

Moreover, Saunders points out that increasingly more consumers are further away from food production, generationally. That increases their demand for knowing more about the food they consume.

For instance, a Feed4Thought survey conducted by Cargill recently found that twice as many Generation Y respondents (ages 18 to 34) in the U.S. and China reported knowing a livestock or seafood farmer, compared to those over 55 years old. Trends were similar in Mexico and France. While 81% of 18- to 34-year-old Chinese participants said they have visited a livestock or seafood farm during their lifetime, only 50% of their older compatriots had.

The CoBank report, titled "Consumers Calling the Shots: Desire for Transparency is Reshaping Dairy Supply Chains," looks at dairy, specifically, but it echoes the transparency momentum building for beef.

Tyson Fresh Meats announced in August that it had become the first beef processor to license the Progressive Beef program, a cattle management and sustainability program for feedlot operators.

"Now more than ever, consumers are demanding to know more about the beef they buy," says Steve Stouffer, president, Tyson Fresh Meats. "We want to not only help our customers answer questions from consumers, but also help the beef industry address these questions."

The Progressive Beef program helps heighten accountability and transparency through a verification system that involves USDA-approved auditors. The feedyards certified in the program are verified twice per year, and they focus efforts on three areas: cattle care, food safety and environmental sustainability, and they are verified twice per year. Each audit is a report card, and the metrics involved play a key role in the path of continuous improvement.

At the time of the Tyson announcement, more than 1 million head of cattle were cared for annually through the Progressive Beef program at certified feedyards, primarily located in the Midwest and Pacific Northwest.

In December, The Wendy's Co. was the first restaurant chain to partner with Progressive Beef. Wendy's plans to implement the program in a significant part of its beef supply starting this year, with at least 50% in the program by 2021. According to the announcement, the move further delivers on "Wendy's commitment to enhanced beef supply chain accountability, transparency and traceability."

Saunders explains that identity preservation and traceability is an inherent part of the messaging around product attributes and differentiation. That messaging includes where the food came from, how it was grown, the people involved and their values.

Who knows, maybe consumer demand will usher in the kind of national cattle ID and traceability program that has proven so elusive so far. Transparency doesn't mean being invisible, after all.

Join Us!

April 11, 2019 6:00 pm *** Sheriff Austin Daniel Ranch
6666 Joe Daniel Rd. St. Francisville, LA 70775

Meal Sponsor: Tri-Parish Co-Op, Amite Livestock, Whip Brown Cattle Co.

Agenda Topics:

Updates from Sponsors: Donny Cupit-Tri-Parish Co-Op, Frank Lopinto-Amite Livestock & Whip Brown- Whip Brown Cattle Co.

Spring and Summer Forage Update – Ed Twidwell,
Professor and LSU Extension Forage Specialist
Ag Census Report- USDA/NASS, Kathy Broussard, State Statistician
Closing Remarks – Dave Foster

RSVP: John Thompson 225-721-5201 or Dave Foster 225-673-4814

Bring your friends and neighbors and introduce them to CPL!

BEEF IMPORT VS EXPORT VALUES WHERE DOES THE U.S. STAND?

The quality difference between exported and imported beef is significant.

By: Nevil Speer

This column has highlighted the dynamics around international trade during the month of March. The last several weeks have specifically focused on beef's trade balance (exports vs. imports), and the contribution of imports to total beef supply. This week, let's flip the equation and look at the quality differences between U.S. beef exports vs. imports.

As quick review, beef's trade balance established a new record in 2018 – total export values exceeded import values by \$2.3 billion. That new record came largely on the heels of a new all-time mark for exports totaling nearly \$8.2 billion.

Meanwhile, the relative volume of beef imports, as a percentage of total beef supply, has been on a steady four-year decline since the 2014 peak of 11.4% . Last year's beef imports were just under 9.25% of the U.S. beef supply.

Nevertheless, questions surrounding the qualitative differences between imports and exports often arise. Are we just spinning our wheels and importing what's being exported?

This week's illustration helps answer that question and draws attention to that qualitative distinctions between imports and exports. The graph highlights the price-per-pound value for imported and exported beef items on an annual basis. The analysis does not include variety meat items. Additionally, the annual values for the domestic Fresh-90s blend market (lean trimmings) is also included for comparison.

In general, imports are largely comprised of lean beef and/or trimmings for blending with 50-50 trim to make saleable ground beef. That's best represented by how closely imported beef values follow the domestic Fresh 90s market.

Meanwhile, exported beef products are qualitatively different. And more important, the value difference between imports and exports has been accelerating in recent years with the five-year average peaking at nearly 70 cents per pound in 2018.

In other words, imported and exported beef products are not interchangeable in the U.S. marketplace and seemingly have established even greater divergence in recent years. With all that in mind, what's your perception of international trade for the U.S. beef industry?

Speer serves as an industry consultant and is based in Bowling Green, Ky. Contact him at nevil.speer@turkeytrack.biz

CATTLE PRODUCERS OF LOUISIANA
P.O. BOX 886
PRAIRIEVILLE, LOUISIANA 70769
WEBSITE: WWW.LACATTLE.ORG
TOLL FREE: 888-528-6999