Cow Country Reporter

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In This Issue

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News from your CEO

Well, the year 2021 is coming to a close and YES, WHAT A YEAR IT HAS BEEN! We in the cattle business have had to deal with weather, cattle prices, high input costs and political chaos to name a few challenges in 2021. After all the rain we had this year (77 plus inches in Baton Rouge through October) we now need rains to get our ryegrass growing as well as all our other forages. For our Fall calvers, keep those baby calves alive until weaning so you can enjoy higher prices. Cattle numbers, nationwide, will be lower in 2022 which in turn will have a positive impact on our calf prices. Year-to-date, Jan.-Nov., Louisiana cattle marketed through our local auction markets up 6% (197,563 compared to 186,000 in 2020). If you have some old, open cows, hang on to them until February/March when historically cull cow prices are at their peak. One of the advantages of undergoing "hard times" it makes us look at our current situation and make adjustments to our management and marketing programs. Make the adjustments and look to the year 2022 with anticipation of better things to come in the cow business. Have a Merry Christmas!!

Dave Foster, CEO

Cattle Markets Back on Offense

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

As 2021 winds to a close, cattle markets seem to finally be able to move out from under the specter of the pandemic impacts that began 18 months ago. Indeed, the constant turmoil of a series of Black Swan events have kept the industry on the defensive for over two years. The recent breakout of fed cattle markets after struggling under the weight of beef packer capacity constraints clears the way for cattle markets to move forward with the optimism that has been building in the industry in recent months.

There continues to be, of course, many challenges facing the cattle industry in 2022. COVID impacts are ongoing with much uncertainty; and U.S. and global economies will continue struggling with pandemic ripple effects for many months. Higher input prices will impact cattle operations and test better profitability prospects in the coming year. Continuing drought is an ongoing threat and may impact the industry and many producers in affected regions. It is uncertain whether or how and where drought will affect the cattle industry in 2022. La Niña conditions have redeveloped this winter which may result in some relief in parts of northern regions while southwestern regions, that did see some improvement in 2021, could see redeveloping drought conditions. In drought regions, producers will continue to be on defense.

Despite these challenges, many producers may be able to spend more time looking forward in the coming year. Producers can evaluate and plan their individual objectives and goals while the industry figures out what the trajectory is for the next couple of years at least. The beef cow herd has been declining since 2019 and declined even faster in 2021. It will decline again in 2022 and likely in 2023. However, strong domestic beef demand bolstered by even stronger demand and potential in international markets suggests that cyclical expansion could resume in the not-to-distant future. Exactly what the future path will be remains to be determined but producers should consider strategic and tactical plans for industry outcomes.

Winter is a good time to consider both animal and forage production and management plans for the coming year. Once calf marketing is complete and herd culling decisions are implemented, a relative down-time is ideal for a bit of review of the past year and planning for next year with a series of questions. What are the conditions of pastures and rangeland going into the next growing season; should grazing plans or stocking rates be adjusted? Were production and reproductive rates and weaning weights

(continued on page 2)

as expected? What is the current body condition of the cows? What is the herd health status? Are upcoming herd nutritional needs evaluated and matched with feed and supplement resources? Planning now can help manage costs and production next year. Take time to consider these and other questions before the new year.

The industry has waited many months for a bit of relative stability. Are you ready to be on offense rather than defense? There will no doubt be adversity and producers must be prepared for risks and negative outcomes, but you also need to be ready to grab the opportunities that will come. The cattle industry can look forward to 2022.

USDA Announces December 2021 Lending Rates for Agricultural Producers

Contact: FPAC.BC.Press@usda.gov

WASHINGTON, Dec. 1, 2021 – The U.S. Department of Agriculture (USDA) announced loan interest rates for December 2021, which are effective Dec. 1. USDA's Farm Service Agency (FSA) loans provide important access to capital to help agricultural producers start or expand their farming operation, purchase equipment and storage structures or meet cash flow needs.

Operating, Ownership and Emergency Loans

FSA offers farm ownership and operating loans with favorable interest rates and terms to help eligible agricultural producers, whether multi-generational, long-time or new to the industry, obtain financing needed to start, expand or maintain a family agricultural operation. FSA also offers emergency loans to help producers recover from production and physical losses due to drought, flooding, other natural disasters or quarantine. For many loan options, FSA sets aside funding for historically underserved producers, including veterans, beginning, women, American Indian or Alaskan Native, Asian, Black or African American, Native Hawaiian or Pacific Islander, and Hispanic farmers and ranchers.

Interest rates for Operating and Ownership loans for December 2021 are as follows:

- Farm Operating Loans (Direct): 2.000%
- Farm Ownership Loans (Direct): 3.000%
- Farm Ownership Loans (Direct, Joint Financing): 2.500%
- Farm Ownership Loans (Down Payment): 1.500%
- Emergency Loan (Amount of Actual Loss): 3.000%

FSA also offers guaranteed loans through commercial lenders at rates set by those lenders.

You can find out which of these loans may be right for you by using our Farm Loan Discovery Tool.

Commodity and Storage Facility Loans

Additionally, FSA provides low-interest financing to producers to build or upgrade on-farm storage facilities and purchase handling equipment and loans that provide interim financing to help producers meet cash flow needs without having to sell their commodities when market prices are low. Funds for these loans are provided through the Commodity Credit Corporation (CCC) and are administered by FSA.

- Commodity Loans (less than one year disbursed): 1.125%
- Farm Storage Facility Loans:
  - o Three-year loan terms: 0.750%
  - o Five-year loan terms: 1.125%
  - o Seven-year loan terms: 1.500%
  - o Ten-year loan terms: 1.625%
  - o Twelve-year loan terms: 1.625%
- Sugar Storage Facility Loans (15 years): 1.875%

Pandemic and Disaster Support

Due to recent outbreaks of the COVID-19 Delta variant, USDA has extended the deadline for producers to apply for the COVID-19 Disaster Set-Aside (DSA) loan provision to Jan. 31, 2022. FSA will permit a second DSA for COVID-19 and a second DSA for natural disaster for those who had an initial COVID-19 DSA. Requests for a second DSA must be received no later than May 1, 2022.

Last year, FSA broadened the use of the DSA, normally used in the wake of natural disasters, to allow farmers with USDA farm loans who are affected by COVID-19, and are determined eligible, to have their next payment set aside. The set-aside payment's due date is moved to the final maturity date of the loan or extended up to twelve months in the case of an annual operating loan. Any principal set-aside will continue to accrue interest until it is repaid. This will improve the borrower's cashflow in the current production cycle.

FSA also reminds rural communities, farmers and ranchers, families and small businesses affected by the year's winter storms, drought, hurricanes and other natural disasters that USDA has programs that provide assistance. USDA staff in the regional, state and county offices are prepared to deliver a variety of program flexibilities and other assistance to agricultural producers and impacted communities. Many programs are available without an official disaster designation, including several risk management and disaster recovery options.

More Information

Producers can explore available options on all FSA loan options at fsa.usda.gov or by contacting your local USDA Service Center.

USDA touches the lives of all Americans each day in so many positive ways. In the Biden-Harris Administration, USDA is transforming America's food system with a greater focus on more resilient local and regional food production, fairer markets for all producers, ensuring access to safe, healthy and nutritious food in all communities, building new markets and streams of income for farmers and producers using climate smart food and forestry practices, making historic investments in infrastructure and clean energy capabilities in rural America, and committing to equity across the Department by removing systemic barriers and building a workforce more representative of America. To learn more, visit http://www.usda.gov.

USDA is an equal opportunity provider, employer and lender.

John Phipps: I'll Be Home [Made] For Christmas

By: John Phipps

With all the crippling kinks and missing links in the supply chain, it looks like Christmas could be positively Dickensian, only with the gruel stuck on a container ship off Long Beach. Many of us have anticipated this turn of events and decided to bypass the Season of Overspending by creating loving gifts with our own hands — and YouTube, of course.

From knit raincoats in custom sizes to Star Trek nativity sets, this could be a breakout season for homemade gifts. Here are some hints and warnings to make such a holiday much less painful than you suspect.

- Start two months ago. Any worthwhile present should represent hours of sacrifice and effort, but any instructions almost always underestimate needed time by a factor of three when you allow for do-overs. My best offerings have been version 7 or higher.
- Use a similar ratio for cost and materials. Buying a polished finished product could save weeks and big bucks, but remember those things are still on the boat, along with standby generators and Barbie Lumberjack. Stick a crowbar in your wallet to hit some of that PPP moolah and clear your schedule.
- When choosing a gift, study the recipient carefully, but not enough to creep them out. For example, does he/she wear a lot of orange plaid? Keep in mind, a few people are not infatuated with "unique." Create something they can wear unremarked in public or disguise at home.
- If your gift features lovingly added personalization, make sure you have the correct spelling. This is not the slam dunk it used to be. The world might be hooked on phonics, but that's provoked free-form name creation. Check every letter – nothing kills the thrill like handing over a gift with "Jhon." If faced with names that now have a dozen or more spellings, such as "Kheighlii." go with "My Favorite [Relative Type]" instead.
- Should the gift require any type of finishing — painting, varnishing, frosting, sequins, etc. – try it on a small sample first. Then multiply the drying/curing time instructions by 10. One dead giveaway this rule has been ignored is when the wrapping paper sticks to the present.
- Enlist a fellow conspirator to shout, "Wow" it's a [desirable thing]!" when unwrapped. What you don't want to hear is "Umm... thanks. What is it?" Keep in mind the enjoyment of making presents rarely matches that of receiving them.
- Small is fine. Remember this is a keepsake that needs storing until you visit.
- This need not become an annual event. Your ship could literally come.

A final thought: My most gratefully received homemade gifts were wrapped in currency. Masking tape works best.

Merry Christmas from our herd to yours

May the miracle of Christmas fill our hearts with wonder and joy

John Phipps: What's Actually Driving The Surge In Fuel Prices

By U.S. Farm Report

Every time we fill up a vehicle or our on-farm tanks, we notice the price a little more. And for good reason. Since May 2020 – worst of the Covid shutdown, national retail prices have nearly doubled. Of course, last May, many of us weren't going anywhere, whether for pleasure or work. But it turns out higher gas prices are the result of a number of perfect storms, literally.

To begin with, the demand collapse stopped drilling in its tracks. Few oil producers can survive $16 oil for long. Tight oil from fracking saw the same drilling halt, but curiously output from fracking did not fall as far as expected. The industry overlooked the large number of wells already drilled but not fracked or producing. So domestic supplies were reduced but not as sharply as other energy supplies. Although tight oil has reduced us to very low net imports, OPEC+ is still trying to keep prices as high as as possible, affecting world demand, and world prices impact US oil prices.

The pandemic almost overnight sharply reduced demand, and as farmers well know, a 10% drop in demand, for example, rarely produces just a 10% reduction in prices. So as inventories began to mount, gas was cheap. There were other factors. The Texas freeze crippled much of our refining capacity which took months to come back on line. Hurricanes, especially Ida, shut down oil production in the Gulf. Turning that oil into gasoline became trickier. Although gasoline inventories, shown in gold, were not terribly far from average, they weren't in the right places, and transporting anything since the pandemic was and is problematic.

But if the pandemic caught us off guard, the rapid demand recovery did the same. With an enormous savings in the bank, American consumers took back to the road, while refiners and producers were still repairing the system. Now throw in bottlenecks we didn't know existed, like trucker shortages and possibly permanent commuting pattern changes. I'm amazed gas is as available as it is, at prices we don't like but we've seen before.

Finally, for fuel, like many other industries such as say, fertilizer just to pick one at random, strong demand and market uncertainty presented an opportunity for sellers to recover some lost profits from 2020. Luckily fuel prices, excluding crop drying are a relatively small factor in overall costs of farm production.

It is hard to point to government policies that would have been able to prevent this web of events, but I doubt that will stop us from trying.

FTC Investigates Supply Chain Disruptions; Enlists Tyson, Walmart and More

By: Jennifer Shike

Tyson Foods, Inc., is one of nine large retailers, wholesalers and consumer good suppliers ordered by the Federal Trade Commission (FTC) to provide information that will help the FTC investigate ongoing supply chain disruptions – specifically how disruptions are causing hardships for consumers and harming competition in the U.S. economy.

In addition to Tyson, the orders are being sent to Walmart Inc., Amazon.com, Inc., Kroger Co., C&S Wholesale Grocers, Inc., Associated Wholesale Grocers, Inc., McLane Co, Inc. Procter & Gamble Co., and Kraft Heinz Co. The companies will have 45 days to respond from the date they receive the order, FTC said in a release.

The study will also examine whether supply chain disruptions are leading to specific bottlenecks, shortages, anticompetitive practices or contributing to rising consumer prices.

The companies will be required to detail the primary factors disrupting their ability to obtain, transport and distribute their products; the impact these disruptions are having in terms of delayed and canceled orders, increased costs and prices; the products, suppliers and inputs most affected; the steps the companies are taking to alleviate disruptions; and how they allocate products among their stores when they are in short supply.

Companies must provide internal documents regarding the supply chain disruptions, including strategies related to supply chains; pricing; marketing and promotions; costs, profit margins and sales volumes; selection of suppliers and brands; and market shares, FTC said in a release.

The agency welcomes comments on how supply chain issues are affecting competition in the consumer goods market, allowing market participants an opportunity to surface additional issues and examples of how supply chain disruptions are affecting competition.

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