

Cow Country Reporter



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I pray we have left the ice and snow in February and can look forward to adequate moisture and warmer temperatures to grow our ryegrass and develop our summer forages. For those of you who lost cows and calves during the ice and snow storms make sure you document the losses and call your Farm Service Agency (FSA) office and report them.

Demand for our calves under 600 lbs. going to early grass has been good and will continue strong as buyers realize our calf crop is smaller in 2021 coupled with the fact that our calf death loss was above normal. The bulk of our Spring-calf crop occurs in January and February and many cow/calf producers lost new-born calves

in the February storms. This is the month to talk to your marketing agent to determine when to sell your calves. Ryegrass calves will also be in good demand in late April and May as feedlot owners will be in the market to replace cattle marketed during this time frame. Don't forget to set your clocks ahead this month and we will see if the first day of Spring will enter in seasonable weather. Keep all your calves alive, growing and more importantly keep current with market prices. Yes, higher corn and soybean prices will put pressure on heavier weight cattle, however, demand will remain good for stockers. Remember, be flexible and accept change!

Dave Foster, CEO

EXTENDED WINTER STORM IMPACTS CATTLE, COWBOYS AND MARKETS

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

A massive and extended winter blast has engulfed the southern plains before spreading across much of the Delta and mid-south then ultimately affecting most of the eastern half of the country. The extended cold temperatures began a week ago with most of Oklahoma already enduring continuous sub-freezing temperatures for 150 to over 200 hours as of Monday morning (February 15). Temperatures in early week are reaching record sub-zero levels with wind chill values of -25 to -30 degrees Fahrenheit. Temperatures are expected to remain below freezing for at least another 100 hours. Snow totals of four to ten inches have accumulated with more snow expected mid-week. This storm is unprecedented in Oklahoma due to both the record cold temperatures and the duration of cold. I'm having flashbacks to my formative years caring for cattle in Montana winters.

The brunt of the storm impacts are directly borne by cattle producers who are struggling to provide water and feed access for cattle. These conditions require near continuous efforts to chop ice and provide feed. Cattle nutritional requirements are sharply boosted in this weather and producers must consider both the quantity and quality of feed. Cattle will not be physically able to consume enough medium to low quality hay to provide sufficient energy in these conditions and must receive additional supplement or high quality hay. In some cases, deep snow may prevent cattle from accessing standing forage, especially since Oklahoma cattle are not used to foraging through snow.

If there is a silver lining in this storm, it is that conditions are cold but relatively dry. The snow that has fallen has not, for the most part, penetrated the hair coat of cattle keeping the hide dry. With adequate feed and water, cattle can handle this type of cold weather relatively well. These conditions are more typical of the central and northern plains and Rocky Mountain areas. Areas south and east of Oklahoma are receiving rain and ice ahead of snow, producing more dangerous hypothermia conditions typical of winter storms in the south.

This storm is likely ahead of most calving in Oklahoma but if calving is

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in progress, the extreme cold is a significant risk. Newborn calves can experience frozen ears and tails, marking them for life as a cold weather survivor. These calves are frequently discounted at marketing due to buyer fears of foot damage and other injuries that may impact the calves later in life. Once calves are dry and feeding they can endure the cold, dry weather pretty well and may, in fact, be insulated by dry fluffy snow when bedded down.

Several auction markets in Oklahoma and other areas closed last week and many will be closed this week. Oklahoma feeder cattle prices dropped three to ten percent last week with lower demand more than offsetting sharply reduced sales volumes. Wheat pasture cattle and other stockers are no doubt experiencing reduced gains or even weight loss in these conditions. Many cattle grazing dual-purpose wheat will need to be removed and marketed in the next two to three weeks, very likely a bit lighter in weight than expected.

Feedlot cattle are no doubt impacted as well and the market effects will be apparent over time. Reduced performance will show up as lower carcass weights in the coming weeks. The residual impacts of this historic weather event will likely effect cattle markets for several weeks.

CATTLE ON FEED AND FEEDER SUPPLIES

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

The February Cattle on Feed report from USDA showed a February 1 feedlot inventory of 12.1 million head, 101.5 percent of one year ago. January placements were 2.017 million head, up 3.2 percent year over year. Placements were higher than the average pre-report estimate but at the top end of the range of analyst estimates. The increase in placements was mostly in cattle weighing 700-900 pounds but did also include a 5.1 percent year over year increase in cattle weighing less than 600 pounds. January marketings were 1.822 million head, down 5.6 percent from one year ago and about as expected. However, January 2021 had two less slaughter days than the year before meaning that daily average marketings this year were 3.8 percent higher than last year.

The feedlot situation in early 2021 is a carryover from the disruptions and unusual dynamics last year. For the entire year in 2020, feedlot placements were down 4.0 percent. In the last half of the year feedlot placements were almost unchanged year over year, up 0.3 percent. However, this average belies dramatic dynamics as feedlot placements in the third quarter were up 8.5 percent year over year while placements in the fourth quarter were down 7.0 percent from the prior year. Total estimated feeder supplies outside of feedlots on January 1 were 25.66 million head, down just 0.2 percent year over year. The 1.3 percent year over year decrease in the 2020 calf crop, even when adjusted by decreased veal slaughter and increased feeder cattle imports, would have suggested a bigger decrease in the feeder supply on January 1. It appears that some feeder cattle were carried over into 2021 and likely is reflected in the relatively large January placements. Feeder supplies are somewhat front-loaded early in 2021 but should tighten up in the second half of the year.

HULETT: FED CATTLE STEADY AS BOARD FALLS

By Brad Hulett

Fed cattle prices in the South remained mostly steady at \$114 with a hand full of cattle trading above that level. Packers, as usual, were in a position of leverage and needed very little cattle for the next week's harvest. This continues to be the biggest problem with driving the cash price higher.

The North saw a range of \$112.25 to \$117 with most of the trade around \$114. The dressed market was mainly \$179-\$183. Larger numbers traded in the North compared to what we saw in the South, but many producers held for what many think will be a higher market in the weeks to come.

Last week producers found themselves in the same situation that seems to be ever-too-common. All indications pointed to what should have been a higher market, but at the end of the day packers had plenty of inventory and no reason to push the market to meet their needs. This will continue to be the issue until either the number of cattle available decreases, more shackle space is available, or the packer doesn't start the week off with 85% of their needs already in hand. Until something changes, producers will have a hard time getting any leverage back in the cash trade.

Brad Hulett is Director, Customer Development & Regional Manager, Kansas at Consolidated Beef Producers, Inc.

YOUR FEDERAL STIMULUS CHECK MAY BE TAXABLE ON YOUR STATE RETURN EVEN WHEN IT'S NOT

By Paul Neiffer

Many farmers and other taxpayers received a \$1,200 personal stimulus payment in 2020 and a \$600 payment in 2021.

For federal income tax purposes, this is not considered taxable income and most states will also considered it not to be taxable income. However, there is a "gotcha". Most states allow you to either deduct all or a portion of your federal income taxes that you owe.

Since the stimulus payment is considered a credit against your income tax, it will reduce the amount of federal income tax allowed on your state income tax return.

This means that even though it is not considered income for state income tax purposes, it will still "increase" your state income taxes in most states.

The increase is likely fairly minor, but you should be aware that the federal tax deduction is after the credit including the amount you just received in 2021. If the \$1,400 additional credit gets put into law you will have the same type adjustment when you file your 2021 income tax return.

PEEL: U.S. BEEF EXPORTS EXPECTED TO INCREASE

By Derrell Peel - Oklahoma State University

U.S. beef exports totaled 2,566.7 million pounds in 2020, down 2.3 percent from the previous year but still the third largest annual beef export total. The COVID-19 pandemic caused sharp disruptions in beef exports at times during the year with monthly exports down over 30 percent year over year in May and June. However, exports recovered by year-end with combined November and December beef exports up 12.6 percent year over year. Figure 1 shows the shares of U.S. beef exports in 2020.

Japan is the largest market for U.S. beef, increasing by 3.7 percent in 2020, to the second highest level ever, after declining in 2019 from the 2018 all-time peak. South Korea has been the fastest growing beef market in recent years in terms of total volume and has been the second largest beef export market since 2016. Beef exports to South Korea decreased by 2.1 percent in 2020 from the 2019 peak. Japan and South Korea combined to account for 51 percent of total beef exports in 2020.

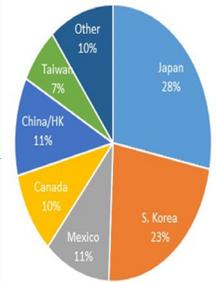
Mexico was the third largest U.S. beef export market from 2014-2019 but dropped sharply in 2020 due pandemic impacts and macroeconomic weakness. Total exports to Mexico were down 24.7 percent year over year in 2020. Beef exports to Mexico were down an average of more than 56 percent year over year for each of the months from April-September but finished the year strong with November and December exports up by 50.7 percent year over year.

Combined beef exports to China and Hong Kong increased 28.8 percent to become the third largest destination for U.S. Though the data for China and Hong Kong are reported separately, it is important to look at the total for the two since they are effectively one market now. Individually, beef exports to China increased by 271.0 percent year over year in 2020, more than offsetting a 4.7 percent year over year decrease in beef exports to Hong Kong.

Beef exports to Canada increased 6.8 percent in 2020 from the previous year and is the fifth largest beef export market. Taiwan is the number six market for U.S. beef and was unchanged from year earlier levels in 2020. Beef exports to Taiwan jumped sharply in 2018, adding to an increasingly diverse portfolio of export markets for U.S. beef. The remaining 10 percent of beef exports includes small amounts to 120 different countries. Most of this remaining total includes exports to a broad set of countries such as the Philippines, Indonesia, the Netherlands, Chile, Guatemala, Singapore, Columbia and the Bahamas.

U.S. beef exports are expected to increase modestly in 2021 to reach the second highest level behind the 2018 export record. Keys to export growth include continued growth in exports to the China/Hong Kong market and recovery of beef exports to Mexico.

Figure 1. U.S. Beef Exports, 2020



BEYOND MEAT RECORDS \$52.8 MILLION LOSS IN FY 2020

Source: Beyond Meat Inc. By Keith Nunes

EL SEGUNDO, CALIF. – Beyond Meat Inc. started strong in fiscal 2020, but was hit hard by the pandemic as foodservice channels like universities, hospitality, corporate catering, and bars and pubs shut down. Despite the shutdowns, management kept its focus on the future and continued to invest to add scale.

“We invested heavily in China, where we built a sophisticated production facility in Jiaxing, and in The Netherlands, where we opened two facilities,” said Ethan Brown, president and chief executive officer, during a Feb. 25 conference call to discuss fiscal 2020 results. “One is an independent operation, and one owned and operated by our partner, Zandbergen.

“We grew our operations team and acquired a new production plant in Pennsylvania, and we signed a long-term lease for brand-new corporate headquarters in Los Angeles, where we are building a state-of-the-art home for our growing research team and their laboratories collectively referred to as the Manhattan Beach Project. These investments and activities, particularly during this period of COVID-19 revenue disruption, generated losses. They were, however, nonnegotiable as we lay the foundation for forward growth.”

Beyond Meat recorded a loss of \$52.8 million during the year ended Dec. 31, 2020, greater than the loss recorded in fiscal 2019 of \$12.4 million.

Sales for the year rose to \$407 million from \$298 million the year prior.

In the United States, sales surged 63% to \$324.9 million. US retail sales rose 104% to \$264.1 million while foodservice sales fell 14% to \$60.1 million.

International sales fell 17% to \$81.9 million. While international retail sales rose 136% to \$36.5 million, foodservice sales fell 45% to \$45.4 million.

In addition to COVID-19 induced slowdowns at hotels, universities and stadiums, the company has seen a slowdown in development and trial with its quick-service restaurant partners.

“Within quick-serve restaurant chains in both our US and international regions, overall sales remained well below pre-COVID levels,” Brown said. “This downturn is consistent, with an emphasis among quick-serve restaurant partners on core menu items during this period of disruption as well as being reflective of a wait-and-see approach to COVID-19 infection trends with regard to further tests, trials and launches.

“We are beginning to see some nascent evidence of an emergent near-term activity within the quick-serve restaurant space, including the national and select trials of Beyond Meat products at Pizza Hut US and Pizza Hut UK, respectively.”

In fiscal 2021, management expects to continue to feel the effects of COVID-19. In addition to lagging the recovery of the broader foodservice sector, Beyond Meat also is facing a moderation in demand at retail as consumers shift from an accelerated stock-up phase to a more normal pace of demand. Citing continued market uncertainty, the company did not issue guidance for the year ahead.

IDENTIFY 'DUD' BULLS WITH A BREEDING SOUNDNESS EXAM FREE WEBINAR OFFERED

By: Rhonda Brooks

Bulls should be thoroughly evaluated before each breeding season, so only those bulls that are able to get a high percentage of exposed cows pregnant in a short period of time are turned out into the breeding pasture this spring, advises Bob Larson, DVM, PhD, Beef Cattle Institute, Kansas State University.

"The need for a thorough breeding soundness examination (BSE) is based on the fact that many prospective breeding bulls are infertile, subfertile or unable to mount and breed successfully, and examination prior to the breeding season reduces the risk of breeding failure due to bull problems," Larson explains.

Bulls that don't get the job done during breeding season cost beef producers a lot of money instead of making it in the form of more calves on the ground.

Larson, along with Jennifer Koziol, DVM, MS, DACT, Purdue University College of Veterinary Medicine, are headlining a free, one-hour webinar at 7 p.m. Central on March 9 on best practices and benefits from BSEs. Beef producers can register by going to the Drovers website at www.drovers.com

Age doesn't always matter. Larson recommends that an annual BSE – for both young and mature bulls – include a systematic examination of the bull's feet, legs, penis and prepuce, testicles, and other reproductive organs, measurement of scrotal circumference, and microscopic examination of a semen sample.

"Mature bulls that were successful breeders the previous breeding season may experience decreased fertility that can be identified," Larson says. "Injuries, illness, and age-related changes can affect the testicles, feet and legs, or reproductive tract of previously fertile bulls, making them unlikely to successfully breed the number of cows needed to result in high reproductive efficiency."

At the other end of the spectrum, in young bulls, especially between 1 year and 2 years of age, Larson says they often fail a BSE because of their "age, nutritional management or individual genetic differences."

The webinar is being hosted by Drovers and Bovine Veterinarian.

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