

Cow Country Reporter



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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

News from your CEO

I pray that each of you and your family had an enjoyable 4th of July where you paused and gave thanks for this great country. Yes, even with all its warts and bruises!

The month of July can be busy for the cow/calf producer. Many direct sale cattle that were sold earlier in the year are being delivered this month. Producers who have not sold their calf crop yet should be checking with their marketing rep. to get "posted" on the market. Cow slaughter continues to be higher than this same time last year. Numbers of calves for sale starting late summer/early Fall will be lighter than last year at this time. The market wants to get higher, however, these are uncertain times we are living in and anything can happen. So, be ready to make adjustments to your

marketing plan.

We had a great CPL information meeting in St. Francisville, LA on June 30, 2022. Chip Perrin, co-owner of Coastal Plains Packing Co. Eunice, LA gave us an overview of his company and their vision to support the Louisiana cow/calf industry by purchasing cull cows, slaughter calves and also increase their custom slaughter business. Shawn Sagrera, owner of Sagrera Farms, also shared with us his vision of the "freezer" beef market and how he has managed to produce a high Choice and Prime product for his customers. We need more of these meetings to expand our knowledge of the "beef" business and how it functions. Have a safe and prosperous July!

Dave Foster, CEO

SMALLER FEEDLOT NUMBERS AHEAD

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

The latest USDA Cattle on Feed report showed June feedlot inventories of 11.846 million head, 101.2 percent of one year ago. This is a record level of June feedlot cattle since the data series began in 1996. Among the leading cattle feeding states, number one Texas is up three percent year over year with number two Nebraska up four percent year over year. Number three Kansas is down one percent from last year while number four Colorado is up one percent year over year. These four states represent 76.4 percent of total feedlot inventories. Feedlot numbers are declining seasonally with the June 1 level down for the fourth consecutive month from the February all-time record feedlot inventory of 12.199 million head.

Feedlot marketings in May were 1.914 million head, 102.4 percent of last year. May 2022 included one additional business day compared to 2021 and, as a result, daily average marketings were lower than one year ago. May marketings were slightly below average pre-report estimates at the low end of the range.

May placements were 1.869 million head, 97.9 percent of last year. This was lower than expected and less than the lowest pre-report estimates. May placements also included more lightweight cattle with feedlot placements weighing less than 700 pounds up 4.9 percent year over year while placements over 700 pounds were down 5.5 percent from last year. Smaller than expected placements may be beginning to bring feedlot inventories down from record levels.

It is reasonable to ponder why feedlots have maintained record inventories in 2022 despite the decline in overall cattle numbers since 2019. The largest calf crop of this cattle cycle was in 2018 and has decreased from a peak annual production of 36.3 million head in 2018 to 35.1 million head in 2021. In general, it would be expected that feeder supplies would have peaked in 2019 and feedlot production in 2020. Delays due to the pandemic in 2020 pushed some feedlot production into 2021.

Several other factors are also contributing to the continuing delays in peak feedlot and beef production. The decline in heifer retention associated

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SMALLER FEEDLOT NUMBERS AHEAD

with cyclical peak inventories followed by liquidation means that more heifer calves are directed into feedlots. The inventory of beef replacement heifers peaked in 2017 at 6.36 million head and dropped to 5.61 million head in 2022. Cyclical herd liquidation has been exacerbated by widespread drought in 2021 and 2022. Heifer slaughter increased from a low of 7.35 million head in 2015 (at the beginning of herd expansion) to 9.82 million head in 2019; dropped back to 9.45 million head in 2020 (partly the result of the pandemic); and increased again to 9.83 million head in 2021. So far in 2022, heifer slaughter is running 3.3 percent above 2021 levels as more heifers continue to come through feedlots. Drought has likely been a significant factor in increased heifer slaughter last year and this year.

Finally, feedlots have placed more lightweight cattle which increases days on feed and allows feedlot inventories to remain elevated for a while. It was noted above that May placements included more lightweight cattle. In the last six months, overall feedlot placements have increased 1.7 percent year over year with placements under 700 pounds up 3.5 percent and placements over 700 pounds up just 0.5 percent. Slowing down the turnover rate makes fewer cattle last longer in the feedlot.

It will take much of the remainder of the year for feedlots to work through the current inventory and we can't be sure what additional impacts the drought may have in the coming months. We may continue to see feedlot placements pulled ahead and more heifers shifted into feedlots for a period, but it is inevitable that cattle supplies will tighten significantly in the coming months and feedlot inventories will fall. The longer it takes to see that process begin, the more sudden and dramatic it will be. The timing is always tricky although the latest placement data may indicate that it has begun.

Derrell Peel, OSU Extension livestock marketing specialist, breaks down the latest news in the cattle markets on SunUp TV <https://www.youtube.com/watch?v=-6Km32fY6Cc&list=PLglOSPv-TcadvUT94k2ZDaOvQF9BRvTGs&index=1>

BUYING OR SELLING LAND? 4 FARMLAND DATA TRENDS YOU NEED TO KNOW

By Sara Schafer

Farmland sales continue to steal the headlines. As prices records continue to be broken, keep some of these farmland trends in mind.

With 895 million acres of farmland nationwide in 2021, the average farm size was 445 acres, only slightly greater than the 440 acres recorded in the early 1970s, according to USDA.

The Number of U.S. Farms

After peaking at 6.8 million farms in 1935, the number of U.S. farms and ranches fell sharply through the early 1970s. Rapidly falling farm numbers in the mid-20th century reflect the growing productivity of agriculture and increased nonfarm employment opportunities.

Since then, the number of U.S. farms has continued to decline, but much more slowly. In 2021, there were 2.01 million U.S. farms, down from 2.20 million in 2007.

Texas Leads in Farm Count

The Lone Star State is home to 247,000 farms — more than any other state. Missouri is No. 2, with 95,000 farms. Third in line is Iowa, which is home to 84,900 farms.

Farm Real Estate Values on the Rise

Overall farm real estate value, a measurement of the value of all land and buildings on farms, averaged \$3,380 per acre for 2021. That's up \$220 per acre, or 7%, from 2020.

Farm Scale and Sales

When broken down by economic sales class, farms in 2021 fall into these categories:

Sales Class: Percent of Farms

- \$1,000 - \$9,999: 9.3%
- \$10,000 - \$99,999: 20.8%
- \$100,000 - \$249,999: 14.7%
- \$250,000 - \$499,999: 14.3%
- \$500,000 - \$999,999: 15.4%
- \$1,000,000 or more: 25.5%

TEXAS DROUGHT APPROACHING 2011'S HISTORIC LEVELS

By: Greg Henderson

More than 45% of the contiguous US is currently in drought, with many parts of the southwest experiencing severe, extreme or exceptional drought. And no state has it worse than Texas.

Officials say 2022 is already one for the record books in Texas, with more than 80% of the state facing drought conditions most of the year. Comparisons are already being made to the drought of 2011, with some believing this year could eclipse 2011 as the state's worst.

About 17% of all land in Texas is experiencing "exceptional" drought, the highest such figure for late June since 2011. That year, over 70% of the state's land experienced "exceptional" drought in late June.

The driest year on record for Texas was 2011, causing an estimated \$7.62 billion in crop and livestock losses.

New data from the National Oceanic and Atmospheric Administration shows there is a reason for Texans to be concerned about the weather this year: Last month tied for the warmest May on record in the state, along with May 2018. The early heat was followed by more drought.

The wide-spread drought in West Texas has already surpassed some 2011 records. Midland, Tex., had its driest period on record from September 2021 to May 31, when it received only 8% of its normal rainfall. The second driest was in 2011.

In the same time period, Lubbock experienced its seventh-driest time on record overall, but the driest since 2011. Lubbock also had six days reach 100 degrees or higher from March through May — tying for the third-

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TEXAS DROUGHT APPROACHING 2011'S HISTORIC LEVELS

highest number of 100-degree days in those months in Lubbock's records, going back to 1914.

Texas can expect more of the same in the season ahead, the lead meteorologist for the state's principal grid-management agency reported on June 21, the first day of summer.

It's "close to a lock" that Summer 2022 in Texas will be hotter than last year's summer, the forecaster, Chris Coleman, told ERCOT's board. In the immediate prelude to the just-starting summer, May 2022 was hotter in Texas than May 2011, Coleman added.



*Be safe in the
extreme summer heat!*



**2022-2023
Membership Dues
are due now**

USDA REVEALS FARMERS HAVE RECEIVED MORE THAN \$4 BILLION IN ERP PAYOUTS TO DATE

By JIM WIESEMEYER

USDA Secretary Tom Vilsack announced to date, agricultural producers have already received more than \$4 billion through the Emergency Relief Program (ERP), representing approximately 67% of the more than \$6 billion projected to be paid through Phase 1 of the program.

USDA mailed out pre-filled applications in late May to producers with crop insurance who suffered losses due to natural disasters in 2020 and 2021. Commodity and specialty crop producers have until July 22 to complete applications.

The major development was long-awaited and came during a trip to Iowa this week. Vilsack was in Minburn, Iowa, in a district where Democratic Rep. Cindy Axne could well face a tough campaign.

"We recognize the financial recovery need is great and worked deliberately to create a program delivery process that would ensure quick payments to producers," Vilsack said. "I am extremely proud to share that the strategically streamlined ERP application and program implementation process have yielded the desired results – reduced burdens on and expedited payments to approximately 120,000 disaster-impacted agricultural producers, to date."

As previously noted, USDA is implementing ERP and ELRP in two phases, with Phase 1 utilizing existing claim data to provide relief expediently, and Phase 2 focusing on ensuring producers not covered by other programs receive assistance. For Phase 1, USDA used crop insurance and Noninsured Crop Disaster Assistance Program (NAP) claim data.

Both ERP and the previously announced Emergency Livestock Relief Program (ELRP) are funded by a bill President Biden signed into law in 2021. The law provided \$10 billion from taxpayers to help agricultural producers impacted by wildfires, droughts, hurricanes, winter storms and other eligible disasters experienced during calendar years 2020 and 2021, of which \$750 million is committed to livestock producers who experienced losses to drought or wildfire in calendar year 2021. Eligible livestock producers received ELRP payments totaling more than \$590 million since the program was rolled out in late March.

Additional Assistance through Phase 1. FSA will be sending pre-filled applications for about 9,000 eligible producers with NAP coverage in mid-July. The federal crop insurance data used to populate ERP Phase 1 pre-filled applications included claim data on file with USDA's Risk Management Agency (RMA) as of May 2, 2022. At that time, claim data for the Supplemental Coverage Option (SCO), Enhanced Coverage Option (ECO), Stacked Income Protection Plan (STAX), Margin Protection Plan (MP) or Area Risk Protection Insurance (ARPI) were not complete, so crop/units including these coverage options were not included in the pre-filled ERP application form. In late summer 2022, updated claim information will be used to generate a second pre-filled application for those crop/units with eligible losses on file with RMA not included in the first mailing.

All producers who receive ERP Phase 1 payments are statutorily required to purchase crop insurance or NAP coverage where crop insurance is not available for the next two available crop years.

Phase 2 of both ERP and ELRP will be aimed at filling gaps and providing assistance to producers who did not participate in or receive payments through the existing programs that are being leveraged for Phase 1 implementation. USDA said it will keep producers and stakeholders informed as program details are made available.



FROM THE BARN TO A PROTEST

How a couple of farm kids went to a cattle show and wound up at a protest for a historic Supreme Court decision.

By: Holly Spangler

It started out as a simple trip. We wanted a little ice cream.

Two of my kids and I were at our junior national cattle show this past week in Madison, Wis.

After working in the barns all day, we went out for Mexican one night and then decided a little ice cream would really hit the spot. Caroline, 14, pulled out her phone and found an ice cream shop just a mile away. So we headed that way.

Turns out, it was downtown, so we parked the pickup and walked a couple of blocks to the ice cream shop. It sure seemed like there were a lot of people, but it was Friday night, so I figured it must be a popular area. Then we noticed the signs. Then we rounded a corner and spotted the dome of the Wisconsin Capitol building.

That's when it hit me: Roe v. Wade had been overturned that morning. We'd wandered into a protest.

We got our ice cream and noticed the protestors in line behind us. On the way out, one young woman dropped her cardboard sign at my feet. I helped her pick it up. She was very nice. We headed back up the street, and I told my very rural, semi-sheltered farm kids that we were gonna check this out, because I doubted that in all of their pro-life lives, they'd ever actually encountered anyone who was pro-choice.

We walked toward the Capitol building, toward the sounds of megaphones and speeches where young women gave impassioned, emotional speeches. They cried and cussed, and it was clear they felt the Supreme Court's decision very deeply.

We stopped at the four police officers on horseback, and my youngest asked why there were police, and I answered that anytime you get a lot of people in one place with emotions running high, it's not a bad idea. But everyone there was peaceful. Upset. But peaceful.

The point of our little protest expedition, of course, was to listen to each other. To look into the eyes of people who believe exactly opposite of you.

And in the end, know why you believe what you believe. And listen well enough to know why someone else believes what they believe.