

Cow Country Reporter



April 2017

Volume 9 Issue 4

News from your CEO

In This Issue

News from your CEO

Seasonal strength and more in cattle and beef markets

Brazilian beef exports take a hit as scandal breaks

Higher stock density is a problem solver

3 consumer groups who want more info about their food



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

Mark your calendars for April 21, 2017. Superior Livestock will make their second trip to Louisiana for the Gulf Coast Classic Sale held in Natchitoches, LA. Their first year here in 2016 was a success so they are returning. Come visit this sale held at the Natchitoches Events Center on 750 Second St, to support the Louisiana cattle industry. For more information contact Rayburn Smith 318-471-2773. This event will also be a great opportunity to see what our calves are worth for June, July, August delivery.

The corn and rice crop is in the ground, rye grass is producing pounds of beef, cow/calf producers are working calves and the cattle market has been friendly. Historically, the fed cattle market reaches a top around the first of April (\$134.50 cwt. week of March

20, 2017) and works lower as calf feds start coming to market. April is also the time when summer grass buyers start to get interested in buying calves under 600 lbs. to go to grass in late May. This year buyers have shown interest in 6 weight calves to go to grass because feedlots are more friendly to placing 800-950 lbs. feeders in their lots. We in Louisiana have many marketing options so don't get caught "missing the market" with your calf crop. Call your marketing rep today! Remember our toll free market hotline, 888-528-6999 option 3 for weekly price updates. Now is also the time to schedule a CPL Information Seminar where we can come together to exchange ideas on how to prepare for summer and fall. Enjoy the Spring and let's have a meeting!

Dave Foster, CEO

SEASONAL STRENGTH AND MORE IN CATTLE AND BEEF MARKETS

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

Fed cattle and boxed beef markets have rallied nicely the past month. After a strong January, fed cattle prices dropped below \$120/cwt. in February before the recent rally. Mid-March live fed cattle prices pushed up to \$128/cwt. with some trades over \$130/cwt. reported. Choice boxed beef has increased from a February low below \$188/cwt. to a recent high over \$223/cwt. There is no clear indication that the rally is over but a top or at least a plateau in these markets is likely soon before markets move seasonally lower in the second quarter.

The rally has been all the more impressive given that we are in a growing supply situation. Cattle slaughter is up over 4.5 percent year over year with beef production up 3.7 percent for the year to date. The latest carcass weights for steers are down 12 pounds from the same date last year with heifer carcasses down 13 pounds from one year ago. Despite growing feedlot placements in recent months, aggressive feedlot marketings have kept feedlots current with beef moving crisply through market pipelines.

It is possible that the current market strength is more than just a seasonal first quarter price rally. Domestic beef demand appears to be continuing stronger though March data are not yet available. However, February retail beef prices were stronger with both retail Choice and all fresh beef prices higher. The ratio of retail all fresh beef price to poultry

(continued on page 2)

SEASONAL STRENGTH AND MORE IN CATTLE AND BEEF MARKETS

price increased in February despite a slight increase in poultry prices as well. Retail pork prices were also higher in February. The latest trade data from January showed that beef exports were up 20.9 percent and beef imports were down 24.7 percent. It appears that both domestic demand and international trade has continued to support beef wholesale markets through the first quarter.

Feeder cattle markets have held mostly steady since January though stocker margins have adjusted down with slight increases in calf prices combined with slight decreases in heavy feeder prices. Continued stocker demand for wheat grazeout will soon be replaced with summer grazing demand. However, emerging drought conditions in the middle of the country and reemerging drought in the southeast are a potential concern that must be monitored closely in the next 30-60 days. Cull cow prices have increased seasonally this winter. March cull cow prices in Oklahoma are up nearly 20 percent from November prices, consistent with typical seasonal increases from the fall lows.

I've had a number of questions about the impact of the fires in the Southern Plains. Though animal losses are still being determined, the numbers of cows, calves and other animals lost in the fires will not likely have any noticeable impact on market prices. That said, I drove through part of the burned area last week and the impact to the families and operations directly involved is tremendous. The loss of animals, fence, pasture and hay is a devastating burden on ranches; all of which pales in comparison to the loss of human life. As long as drought conditions do not persist or expand, the country should recover rather quickly this spring. Having lived close to this area in the past I know that the people are hardy and resilient folks that will recover as well but the emotional and economic healing will take more time.

BRAZILIAN BEEF EXPORTS TAKE A HIT AS SCANDAL BREAKS

Scandal at Brazilian beef packing plants has turned the global beef trade upside down

By: Nevil Speer

Last week's news that Brazilian officials had raided multiple meat processing facilities over quality scandals has certainly created a stir for world beef and poultry trade. The raids stemmed from an ongoing 2-year investigation called "Operation Weak Flesh" of key Brazilian packers BRF SA and JBS SA in which individuals allegedly provided bribes to governmental health inspectors.

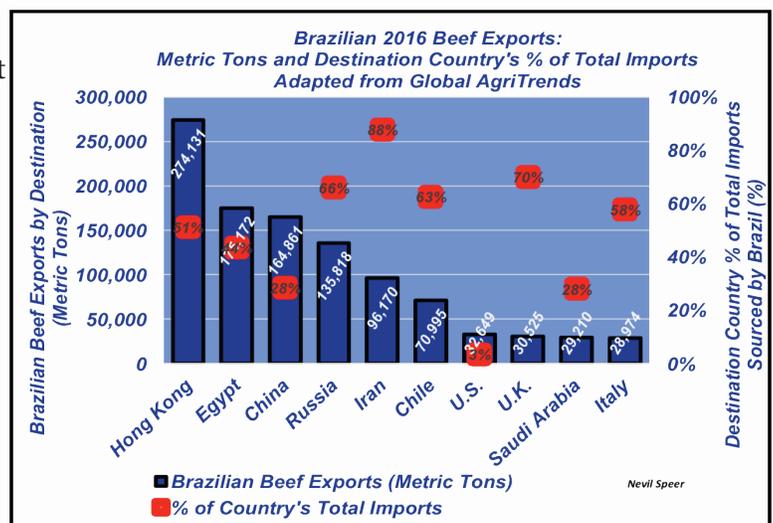
The international response was swift. Due to concern regarding safety and wholesomeness of beef and poultry sourced from Brazil, many of Brazil's export partners immediately suspended trade until further notice. Brazilian officials are working hard to provide some reassurance around the situation and reestablish commerce continuity.

Surprisingly, though, Hong Kong, South Korea, China, Chile and Egypt have already lifted their suspensions and are once again allowing product into their countries. Meanwhile, many countries have implemented only partial bans – that is, product from specific plants will not be allowed into the country.

To that end, this week's graph, adapted from Global AgriTrends, highlights Brazil's 10 largest beef customers from a tonnage perspective. Additionally, the graph also depicts the percentage of beef sourced from Brazil for each country respectively. For example, Hong Kong imported nearly 275,000 metric tons from Brazil – representing just over half of Hong Kong's total beef imports.

The situation will require some time to play out. Nevertheless, Brazil's shortfall will certainly create an opening for other exporters to try to get a foothold in some of the key markets.

What do you make of this situation? How do you see it playing out in the weeks and months to come? Do you foresee the U.S. beef industry making gains in replacing some of the Brazilian product, or will those customers likely turn to alternative sources like Australia?



HIGHER STOCK DENSITY IS A PROBLEM SOLVER

There are few grazing problems which can't be solved or at least improved upon with the application of higher stock density.

By: Alan Newport

Lately I've been reading a group discussion on weeds in pastures, cows not eating weeds, burning for weed control and several other almost-related rabbit chases on one side or the other. The answer to all this and more is higher stock density grazing.

In most cases, when stock density gets high enough, cattle will sample or eat most "weeds," many of which they will later eat again or continue to eat to their benefit. No special "training" required, just high stock density and the competition it creates among herd mates.

Stock density is the measurement of the amount of animals placed into one area, such as a paddock, for a given timeframe. Normally, this applies to managed grazing, but set-stocked cattle also have a stock density—essentially it is the annual stocking rate.

The measure of stock density is most often given in total pounds of animals per acre.

Uneven grazing or spot grazing can always be improved by increasing stock density. This is an

expression of selectivity by the animals, like a kid eating only the ice cream from a food bar. They have more nutritional wisdom than we humans seem to have left, but they get in bad habits the same as we do. Crowding and competition seems to make them bite more plants with less choosiness.

Poor species composition in a pasture is a sure sign cattle are grazing selectively, thereby favoring the plants you may not want, and certainly ignoring plants that are old and rank, or just not on their list of favorites.

Single-species domination, such as a near monoculture of little bluestem or on a buffalo grass flat, can often be changed to higher-successional condition with very high stock density grazing, particularly when coupled with long rest periods that allow higher-quality forage species to creep in. An exception to this is fescue monocultures along a corridor of a couple hundred miles north and south of I-40, which tends to become bigger and meaner with long recovery periods. The endophyte suppresses growth of mycorrhizal fungi, which are vital to development of warm-season, multi-species stands of forage.

In the northern climates, graziers often find they can use high stock density grazing and longer recovery periods to increase the amount of warm-season grass in their pastures, and thereby the quality and productivity of the forage.

Soil Carbon, Nutrients and Water

Parameter	Heavy Continuous	Light Continuous	Multi-paddock
Soil Organic Matter	3.1 ^b	4.4 ^b	4.86 ^a
Fertility CEC	24.6 ^b	23.7 ^b	27.4 ^a
Water holding Gal/ac	55,700	79,059	87,324

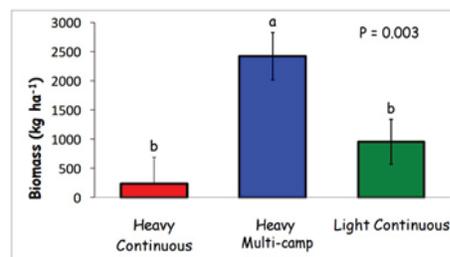
Also, if you are operating at a traditional, low stocking rate, you can increase forage utilization and improve forage recovery and root depth and quality by increasing stock density and thereby increasing recovery periods. The two are linked. Your forage will get denser, taller and the species composition will improve so you have higher quality for longer periods.

If you feed too much hay, part of the solution is higher stock density, longer recovery periods and growing more grass. This may not seem like it, but it's the same problem as having droughty pastures. Short grass makes short roots and the combination shortness doesn't feed the underground life very well, so they can't do their part to share nutrients with the plants. Also, you need more leaf material up in the air to capture more sunlight and produce more photosynthetic sugars.

Running out of grass is the same problem we just addressed, and again the answer is higher stock density, longer recovery periods and thereby growing more grass. It's unlikely there is a ranch anywhere in the world that couldn't simply go straight to high-stock-density grazing and have forage left over at the end of the first year (unless it is massively overstocked).

Poor soil quality results from overgrazing and set-stock grazing, which actually has been decreasing soil organic matter for thousands of years, on every continent. The solution is to re-create the pulse grazing of large herds of ruminants that roamed the landscape. Scientists are now proving that higher stock density managed grazing can increase soil health much faster than grazing wherein cattle are moved much less frequently to fresh forage, and at much lower stock density.

Tall Grasses



Again, increasing stock density has been shown to increase soil life, soil quality and forage quality at a much faster rate, while still being the most economically rewarding method of grazing. You can read the study from Texas and from Mississippi to learn more.

3 CONSUMER GROUPS WHO WANT MORE INFO ABOUT THEIR FOOD

If we can identify the consumer groups who want to know more about their food, we can better cater our messages to reach these folks directly.

By: Amanda Radke

Last week was National Ag Week, and with this annual celebration comes the reminder that we need to engage with our consumer, promote our products and work to bridge the growing divide between rural food producers and our urban customers.

To close out National Ag Week, I spoke to a group of hog producers in Iowa about this topic, and as always in my presentations, I try to equip the listeners with the resources they need to answer tough questions about agriculture. These questions often relate to antibiotics, hormones, sustainability, animal welfare, food safety and nutrition.

It may not always be easy to counter the misinformation out there, but if we continue to present our side of the story with both an emotional and science-based approach, we can foster a growing understanding and trust with our consumers about where their food comes from and the people involved in agriculture.

However, that's not all we need to be effective in our agricultural advocacy approach. We also need to identify

who these consumer groups are in order to cater the message to what they are most interested in learning about.

I read an article recently written by Gary Truitt for Hoosier Ag Today titled, "Ag has a communications issue." In the article, Truitt summarizes a speech given by Emily Buck, Ohio State University associate professor, who says for far too long, farmers have avoided having the tough conversations with consumers.

"We are in an age today that consumers want to understand farming," Buck stated in her speech. "And the way we are built we've just never really done that, so there's a need for us to start telling those stories and sharing what we do on a daily basis because people don't get a chance to see the things we see and why we do the things we do."

Buck said new research has identified three groups who are the most vocal about farm policy and food discussions. These groups include: millennials, moms and foodies.

I'm a millennial mom — although not much of a foodie, unless you consider if my love for grilling beef qualifies me as a food enthusiast — so I can relate to these demographics and can understand where they are coming from in regard to food.

Millennials hold the majority of the nation's buying power now, and they want to invest in food they can feel good about. Moms are concerned with food safety, nutrition and putting the healthiest meals on the dinner table for their children. And foodies are looking for the "wow" factor. They're more likely to buy the specialty products and try the "on-trend" ingredients that will take their plates to the next level.

Of these three groups, Buck said, "Research is showing the three groups that are the most vocal when it comes to policy and discussions are your millennials, your moms, moms who are concerned about what's going in to their children, and then foodies who are really engaged in what food looks like, how natural, they're really looking for transparency in the food system. If we're not part of that conversation and educating and talking with people about why we do things, we're going to find ourselves in a world of hurt."

So the next time you're posting on social media, ask yourself if you're appealing to one or all three of these consumer groups in order to be more effective and relevant in the conversations that are happening every day online.

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