

Cow Country Reporter



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**CATTLE
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OF LOUISIANA**



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Remember! Your CPL dues are due for the 2018-2019 year beginning June 1, 2018. If you have not paid yours please take the time to put a check for \$50.00 in the mail today.

Mother's Day has passed and Father's Day and July 4th are upon us. So far, this large amount of beef that is coming from the packers is moving through the supply chain well. Packers have been working at about 90% capacity for over a month now and still making money. The "wall of cattle" in the feedlots have hit and by all accounts feeders are current with their marketing's. Our "fall-born" new crop calves are coming to market now and seeing higher prices than last month. YEA! If our neighbors to the north and west have adequate moisture to grow forages this summer our calves will work fine. We have just

a short window to work on to market these calves. When our normal (whatever that means) calf run starts in full, mid-August, prices start to get cheaper and when October/November comes everyone else in the country is selling their calf crop. Get with your marketing rep. and have a marketing plan. When this "wall of finished cattle" is done the feeders and backgrounders will be looking for replacements and the one place they can go to get numbers is here in the Southeast. Wheat pasture cattle will be in good demand as we move into September. Summer is here and we still need rain so stay positive and contact us if we can assist in providing information. Remember, call our toll-free number 888-528-6999 option 3 to get market info which is updated every Saturday. Enjoy June and remember your Dad!

Dave Foster, CEO

USCA APPLAUDS INTRODUCTION OF LIVESTOCK HAULING BILL

(WASHINGTON) – Today, Senators Ben Sasse (R-NE), Heidi Heitkamp (D-ND), Jerry Moran (R-KS), Joni Ernst (R-IA), Jon Tester (D), John Hoeven (R-ND), Tina Smith (D-MN), Pat Roberts (R-Ks), Rand Paul (R-KY), Marco Rubio (R-FL), and Doug Jones (D-AL) introduced the Transporting Livestock Across America Safely Act (TLAAS). This bill seeks to ease the burden of far-reaching Hours-of-Service (HOS) and Electronic Logging Devices (ELD) regulations for haulers of livestock and insects.

USCA Transportation Committee Chairman Steve Hilker issued the following statement:

"We asked, and Congress answered. This is a historic moment for livestock and insect haulers to finally be afforded needed flexibility in the restrictive Hours-of-Service (HOS) rules. We commend this bipartisan group of Senators, led by Sen. Sasse, for working with the industry towards a common-sense solution.

"Thank you to everyone who has put in many hours, many miles and many late nights to get this piece of legislation brought forth to the Senate floor. We look forward to working with the Senate - and the House - to get the Transporting Livestock Across America Safely Act across the finish line."

Transporting Livestock Across America Safely Act (TLAA) Fast Facts:

- Providing that HOS and ELD requirements are inapplicable until after a driver travels more than 300-air miles from their source. Drive time for HOS purposes does not start until after 300-air mile threshold.
- Exempts loading and unloading times from the HOS calculation of driving time.
- Extends the HOS on-duty time maximum hour requirement from 11 hours to a minimum of 15 hours and a maximum of 18 hours of on-duty time.
- Grants flexibility for drivers to rest at any point during their trip without counting against HOS time.

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USCA APPLAUDS INTRODUCTION OF LIVESTOCK HAULING BILL

- Allows drivers to complete their trip – regardless of HOS requirements – if they come within 150-air miles of their delivery point.
- After the driver completes their delivery and the truck is unloaded, the driver will take a break for a period that is 5 hours less than the maximum on-duty time (10 hours if a 15 hour drive time).

DROUGHT AGAIN IN THE SOUTHERN PLAINS – WHAT DOES IT MEAN BIG PICTURE?

Just because our data do not show an intense drought, it doesn't necessarily mean there aren't impacts being experienced.

By: Chad McNutt

There's a memorable passage at the beginning of Elmer Kelton's book, *The Time it Never Rained*, about the 1950s drought in Texas: "Why worry they said. It would rain this fall. It always had. But it didn't. And many a boy would become a man before the land was green again."

It's hard to read those lines and not think about the optimism behind them. "It'll rain eventually, and I can feed my cattle until things get better." Drought is often described as insidious, meaning that it has a tendency to sneak up on you. It can also last for years and sometimes it's hard to know when a drought is even over.

Kelly Redmond, a climatologist from the University of Nevada, Reno, once said it was possible to have a short-term drought occur while in the middle of a slightly longer-term wet period inside of a much longer drying trend. Considering that, it can make you think about drought on a longer timescale.

The frequent droughts that occurred in Texas and Oklahoma in 2006, from 2011 to 2015, and now in 2018, certainly had wet years in between. The question, however, is how much of a memory can those drought events, especially given how intense the 2011 drought was, have in systems like our range and croplands.

In other words, even though we say a drought is over, are there lingering or less obvious impacts that can sneak up on you over time?

Historical perspective

To add a bit more perspective to this question, look at the map of Texas and Oklahoma that shows the number of weeks each county has been in Exceptional Drought (D4) since the beginning of 2005. Exceptional Drought is the highest drought category used in the U.S. Drought Monitor. Statistically, it should occur about 2% of the time or about once every 50 years. The data are several weeks old, but several counties in Texas and Oklahoma have been in Exceptional Drought for over 200 weeks, or about 30% of the time since 2005. That is way outside what would be expected and is certainly exceptional.

Gary McManus, Oklahoma state climatologist, is one of the experts tracking drought for the state. He communicates with a large network of farmers and ranchers, along with groups like county Extension agents and USDA's Farm Service Agency. McManus takes input from these groups and provides it weekly to the U.S. Drought Monitor.

Over the last few years, he has noticed the usual climate and meteorological indicators used to track drought do not always correspond well with the impacts that producers are seeing on the ground. The impacts are often more severe, or faster to develop, than what he would expect just going by the data. I contacted McManus because we have been hearing about this issue and I was curious to know what was causing the disconnect between the monitoring data and what producers are seeing in their fields and pastures.

There is ongoing debate within the scientific community about the lingering or cumulative influence of droughts over time. Monitoring and tracking drought is something we are really good at, but unfortunately, we are less adept at understanding all the ecological interactions and feedbacks that occur and thus drive drought-related impacts.

According to Redmond, "Like the tree falling in the forest, does drought occur if there is no human to record or experience it?" He was getting at the importance of seeing drought through its impacts and not just the indicators we have designed to track it. Just because our data do not show an intense drought, it doesn't necessarily mean there aren't impacts being experienced.

Long-term effects?

The question I specifically was interested in was whether the string of droughts over the last 12 or 13 years could have affected something fundamental, like the structure and function of the soils in parts of Oklahoma, and therefore key soil qualities like water holding capacity. McManus couldn't say if it was something as fundamental as changes in the soil but he noted that "ag producers are saying the droughts are more intense than what the indicators are saying."

He further explained that he is hearing that they have been going into drought much sooner than what he would expect and that when they do get some moisture, it is not lasting as long. In Harper County, Okla., where Gary is originally from, he has noticed the water table has not fully recovered since the 2011 drought. He noted that spring-fed ponds used to be reliable, and now, even after good rains, the ponds are going dry relatively quickly.

On Gary's recommendation, I contacted Tyson Ochsner, associate professor and soil scientist from Oklahoma State University. I asked Ochsner what he thought about the droughts in Oklahoma and Texas and whether they could still be having an impact, and in particular, a lasting impact on the soils in Oklahoma.

"I don't really have the data but can imagine how it might happen," he said. Ochsner explained that 2011 was a brutal year and that a lot of pasture and cropland were hit hard. Without vegetative cover and with little residue being returned to the soils, it is likely these harsh droughts have caused a loss of topsoil, increased soil compaction, and as a consequence, reduced water infiltration and reduced the water availability capacity of the soils.

One stark example was the dust storm that shut down I-35 in October 2012. Ochsner explained that the dust wasn't just coming from cropland, but the range was also contributing to the massive amount of dust being generated due to a lack of vegetative cover. "If we lose topsoil to wind and or water erosion, we are going to reduce water availability capacity," he explained.

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DROUGHT AGAIN IN THE SOUTHERN PLAINS — WHAT DOES IT MEAN BIG PICTURE?

A rule of thumb in Oklahoma has always been that you're never more than two weeks away from a drought, Ochsner said. Oklahoma soils do not have a large water storage capacity to start with. "Best case scenario, take the top 32 inches of soil and that might store 8-9 inches of water. [Then, you] Get into peak of summer with evapotranspiration rates approaching half inch a day. That doesn't give you many days of actual supply." We discussed that it's possible the erosion of topsoil from the successive droughts since 2005 may have reduced that two-week rule of thumb to something like maybe 10 or 13 days. That could be a big deal and one of the reasons we are seeing a disparity between our indicators and impacts on the ground. Bottom line, there's a chance we don't have the same amount of reservoir capacity in the soils we did prior to all these drought events. This is not good news as we are in the middle of another drought in parts of the Southern Plains. The most recent three-month forecast is showing it could be another hot and dry summer, and in many places, we are going into it with severe moisture deficits.

There is some good news, though. Ochsner and I left our conversation with him telling me that he and colleagues at OSU have soil samples from several sites across the state that were sampled before the 2005 drought. They will compare them to samples taken more recently to look at this question of changes in soil structure and composition. So, while this question about how we observe drought and understand the potential cumulative impacts is still out there, at least we recognize there is a problem and isn't that the first step in getting help.

This story was adapted from an article in the Livestock Weather Journal, which is a publication of Livestock Wx. Chad McNutt is the co-founder of Livestock Wx and editor of the Livestock Weather Journal.

PACKERS HOLD THE POWER IN MEAT MARKET

Forty years ago Waylon and Willie asked the nation's mamas not to "let your babies grow up to be cowboys" because "... they'll never stay home and they're always alone, even with someone they love."

That sage advice is even more true after a spring cattle market that's been too wild to forget and too brutal to want to remember.

In late February, August live cattle futures closed near \$116 per hundredweight (cwt). By April 3, however, prices fell to \$99.60. Prices did rebound to \$104 on April 27 but cracked again, to \$98.25, on May 18.

The roller coaster ride made cattle growers rightfully sick. The hoped-for sale price for a 1,325 lb. slaughter steer went from \$1,537 in late February to \$1,300 in mid-May. That \$237 per-animal difference, according to Iowa State University breakeven calculations, cost feeders all their profit and then some.

For example, cattle growers with 500 head of cattle saw their inventory devalue by \$118,500 in less than 90 days this spring. A feeder with 5,000 head on feed witnessed a \$1.185 million drop in value while a 50,000-cow commercial feedlot saw \$11.85 million evaporate.

The mid-May price slump was just "paralyzing to the industry," long-time cattle market analyst Walt Hackney told Iowa Public Television's Market to Market audience May 18.

"What happened," he explained, "was the opportunity for the buyers" — meatpackers — "to take a shot at the feedlots," and they did. As a result, Hackney noted, "The packer was making a lot of money on the cattle."

And almost every penny of it was from the cowboys' hides.

That's serious market power and it's a hallmark of today's highly integrated, highly concentrated cattle market, says Darrin Qualman, a graphically minded market analyst in Saskatchewan.

To prove it, Qualman charted a century of inflation-adjusted Canadian cattle prices. The results, explained in an April blog post titled "The cattle crisis: 100 years of Canadian cattle prices," are both colorful and bruising.

A key finding shows that, from 1942 through 1989, Canadian cash cattle prices stayed within the \$1.50-to-\$2.50 per pound (or \$150 to \$250 per cwt., Canadian dollars) inflation-adjusted price range. Interestingly, cattle prices spiked out of that range only three times — and all to the high side.

In 1989, however, that range shifted substantially downward; prices began to toggle between \$.80 and \$1.60, or \$80 to \$160 per cwt. Worse, prices have stayed within these limits since.

How did the old bottom line, \$1.50 per pound, essentially become the new top line? Qualman dug deep for an answer.

"Prices and profits are only partly determined by supply and demand," wrote the former Canadian National Farmers Union researcher. "A larger factor is market power. It is this power that determines the allocation of profits within a supply chain."

For Canadian — and also American — cattle growers that means "In the late '80s and continuing today, the power balance between packers and farmers shifted as packers merged to become giant, global corporations... (Then) it shifted further as packers began to utilize captive supplies (cattle they control by contract or ownership) and shifted further still as trade agreements thrust farmers in every nation into a single, hyper-competitive global market."

This massive shift in market power from "cattle farmers" to meatpackers, said Qualman, had a "devastating" effect on farmers. "Since the late 1980s, Canada has lost half its cattle farmers and ranchers."

The story is the same on this side of the border and nearly everywhere else. Trade agreements, global meatpackers, captive slaughter supplies, and little-to-no competition among packer-buyers have made beef — be it Canadian, American, Brazilian or Martian — into an international commodity, not a regional or national product. That will not change.

Nor will the price at the grocery store. Lower cattle prices, predicted for the rest of 2018, will not bring lower retail meat prices because meatpackers, despite their name, are really in the market power business and, right now, business is very, very good.

Guebert is an agriculture journalist who lives in Delavan, Ill.

FAMILY FARMERS AND RANCHERS WILL BENEFIT FROM TRUMP ADMINISTRATION TARIFFS

Billings, Mont. - R-CALF USA announced today that the Trump Administration's lifting of its temporary exemptions of Section 232 steel and aluminum tariffs for the European Union, Canada, and Mexico is the first step in revitalizing the nation's ailing farm and ranch sectors, which are comprised primarily of family-scale operations.

"For nearly half a lifetime the United States refused to protect domestic industries critical to America's economic and national security out of fear that doing so would elicit cries of protectionism and isolationism," said R-CALF USA CEO Bill Bullard adding, "This was the strategy designed by the entrenched lobbyists of transnational corporations to persuade past presidents and past Congresses to take no action to protect America's self-interests, even in the face of harmful, mercantilist trade practices by foreign countries.

"Those mercantilist trade practices allowed foreign governments to "weaponize" their industrial trade policies to bring U.S. manufacturers to their knees, eliminate good-paying U.S. jobs, gut America's middle class, and render America's family farmers and ranchers unprofitable."

Bullard said this is why America's conventional agricultural trade organizations remained silent while unrestrained imports destroyed America's commercial sheep industry, displacing America's domestic sheep production with a staggering 314 percent increase in imported lamb and mutton from 1994 through 2007. He said more than 3.7 million domestic sheep and more than 15,000 sheep producers were eliminated during that period. According to Bullard, today's beleaguered sheep industry produces less than half the lamb and mutton that Americans consume each year.

"The sheep industry is the American family farmer and ranchers' canary in the coal mine. America's largest segment of Agriculture, the U.S. cattle industry, is only a few years behind the sheep industry if we don't make radical changes to our nation's failed trade policies," Bullard asserted.

"America has lost nearly 47,000 family farms and ranches with annual revenues over \$10,000 just since NAFTA was implemented, and those farms exited the industry while America's population increased by an astounding 63.2 million people. This data shows that America's family farmers and ranchers have been subjected to trade policies that are undercutting their self-interests.

"The President's tariffs on steel and aluminum stops the economy-destroying train that has long since left the station. Now is the time for America's family farmers and ranchers to stand up and support the Administration's efforts to turn that train around by ending the mercantilist practices of foreign countries so we can rebuild America's dwindling middle class. Food purchases by America's middle class, after all, holds our best promise to restore farm prices that will reverse the decline of America's family farmers and ranchers," Bullard concluded.

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