

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

May in Louisiana is the month when summer really begins, weather wise. Temperatures begin to climb, humidity increases, forages really take off and ryegrass plays out. So, our ryegrass forage calves (if we had any that made it through the grazing season) come to market and our fall-born calves start to show up at the local sale barns. Calf price decreases as new crop fleshy calves come to market and our thin fleshed short yearlings are mostly gone. Buyers want our calves under 650 lbs. to go to summer grass, but tend to discount them because of flesh condition, however, not to worry because excess flesh equates to heavier weight.

We are hearing more and more about "fake meat" and

"sustainability" in the news and reading trade journals. Yes, these topics are real and we need to be aware of them. Here are a few excerpts I have read. "A glass of milk in the U.S. today has only one-third the carbon footprint of a glass of milk in 1944", "improved genetics are a key component of sustainability", and U.S. land use (acres) 654 million in pasture and range, 538.6 million forest, 391.5 million cropland, 168.6 million special use (National Parks, etc.) 69.4 million urban and 68.9 million miscellaneous. Pay attention when you hear the words Fake and Sustainability. Read about it, search google and remember if YOU don't tell your story who will? Have a good summer!

Dave Foster, CEO

WHAT DOES MAY BRING?

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

Does May bring flowers ... or more showers? The question of whether April showers continue into May will become important in terms of crop production. The next few weeks will determine whether planting intentions for major crops will be realized. From a feed perspective, there appear to be ample supplies and production potential to maintain attractive concentrate feed prices for the foreseeable future.

From a forage perspective, excellent moisture conditions suggest tremendous pasture and hay potential. The latest Drought Monitor shows the least amount of dry conditions across the country since the Drought Monitor began in 2000. The upcoming May Crop Production report from USDA-NASS will likely show that May 1 hay stocks are low following reduced December 1 hay stocks and cold, wet conditions affecting cattle production this past winter. However, good hay production prospects for 2019 alleviate much of the concern about end of crop year stock levels as the 2019 hay crop year begins.

Beyond the weather, seasonal supply and demand conditions will influence cattle and beef markets in May. Beef production grows seasonally from April to June on the heels of seasonal peaks in steer slaughter in June. Total beef production actually peaks in October with seasonal peaks in heifer and cow slaughter added to steer slaughter. Steer and heifer carcass weights are approaching the seasonal low in May before climbing to a peak this fall. At this time, steer and heifer carcass weights are close to year ago levels after being lower for the year to date, largely as a result of weather impacts. Fed cattle prices are currently at or just past the seasonal peak this spring and typically decline to late summer lows.

Boxed beef prices typically peak in May, driven by summer grilling demand. Rib and Loin primal prices are seasonally high at this time while Chuck and Round primal prices are seasonally soft in the summer before increasing in the fall. Beef exports in the coming months may impact these seasonal patterns, in particular to moderate the summer lows for Chuck product prices, which are seeing growing export demand.

Prices for lightweight calves and stockers are likely at or just past the

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CATCHING UP WITH CATTLE ON FEED DATA

seasonal peak. Good but slow developing forage conditions this spring have spurred strong grazing demand and maintained calf prices near the seasonal peak through April. Prices for big feeder cattle typically increase from early spring lows and push steadily higher to late summer price peaks.

Cull cow prices have been quite erratic this year, spiking up seasonally a couple of times but falling back each time reflecting variability in the ground beef market. The ground beef market has been quite dynamic for several months with changes in both supply and demand conditions.

With the exception of the cull cow market, cattle and beef markets are behaving seasonally with little underlying trend in most markets. All in all, we are seeing the most stable cattle and beef markets in many years. Until or unless outside shocks rise up to impact supply or demand conditions, expect cattle and beef markets to remain pretty calm in the coming months.

USDA AMS ASKS: IS THERE NEED FOR LIVESTOCK DEALER TRUST?

USDA AMS study will examine how livestock dealer statutory trust would affect buyer and seller behavior.

USDA's Agricultural Marketing Service is accepting input through June 24, 2019, for a study it is conducting on the feasibility of establishing a livestock dealer statutory trust. AMS' study will assist Congress in determining if there is a need to establish a livestock dealer statutory trust for the financial protection of livestock sellers. Completion of the study is required by the 2018 Farm Bill, with a final report due within one year.

The study will:

- analyze how the establishment of a livestock dealer statutory trust would affect buyer and seller behavior in markets for livestock,
- examine how the establishment of a livestock dealer statutory trust would affect seller recovery in the event of a livestock dealer payment default,
- consider what potential effects a livestock dealer statutory trust would have on credit availability, including impacts on lenders and lending behavior and other industry participants,
- examine unique circumstances common to livestock dealers and how those circumstances could impact the functionality of a livestock dealer statutory trust,
- study the feasibility of the industry-wide adoption of electronic funds transfer or another expeditious method of payment to provide sellers of livestock protection from nonsufficient funds payments,
- assess the effectiveness of statutory trusts in other segments of agriculture, whether similar effects could be experienced under a livestock dealer statutory trust, and whether authorizing the Secretary to appoint an independent trustee under the livestock dealer statutory trust would improve seller recovery,
- consider the effects of exempting dealers with average annual purchases under a de minimis threshold from being subject to the livestock dealer statutory trust, and
- analyze how the establishment of a livestock dealer statutory trust would affect the treatment of sellers of livestock as it relates to preferential transfer in bankruptcy.

AMS invites customers and stakeholders to submit information and comments relevant to these objectives that will support development and completion of the study.

The notice soliciting public input for the study was published in the April 25, 2019, Federal Register . Comments may be posted at www.regulations.gov, or sent to: S. Brett Offutt, Chief Legal Officer/Policy Advisor, Packers and Stockyards Division; Fair Trade Practices Program, Agricultural Marketing Service, U.S. Department of Agriculture; 1400 Independence Avenue, SW; Room 2507, STOP 3601; Washington, D.C. 20250-3601. All comments should reference the docket number AMS-FTPP-19-0037, the date of submission, and the page number of the Federal Register issue.

Source: USDA Agricultural Marketing Service, which is solely responsible for the information provided and is wholly owned by the source. Informa Business Media and all its subsidiaries are not responsible for any of the content contained in this information asset.

R-CALF USA MEMBER ACTION ALERT

Background: Yesterday, two major national antitrust and securities legal firms, Scott+Scott Attorneys at Law LLP (Scott+Scott) and Cafferty Clobes Meriwether & Sprengal LLP (Cafferty Clobes) filed a national class action lawsuit on behalf of R-CALF USA and four U.S. cattle feeders. The suit alleges the four major beef packers, Tyson, JBS, Cargill, and National Beef, conspired to depress fed cattle prices since at least January 1, 2015 through the present.

R-CALF USA has long promised its members that it would work to stop the major beef packers from "chickenizing" the cattle industry. This is what has already happened in the hog and chicken industries.

We have exhausted all remedies including trying to convince Congress and past and present administrations to take necessary action to protect our industry. Our requests have gone unheeded and we cannot wait indefinitely.

That is why cattle producers are now taking this historical action to protect their livelihoods, their industry, and their rural communities.

You should have received a copy of the news release in your email yesterday that gives more information about the lawsuit and it includes a link where you can review the entire 121-page complaint. Here are the links again: To the Scott+Scott business wire. And to the complaint.

Action: Up until now, you and R-CALF USA have been working aggressively to get someone else to take action on behalf of your industry. Now that we are taking the needed action on our own, we need to take certain steps to ensure that the litigation is successful. Here is how you can help:

1. Take copies of the news release you have received to your friends and neighbors and encourage them to join R-CALF USA. The more members we have the more success we will achieve.

WALMART UPS THE ANTE IN THE RETAIL BEEF MARKET

Giant retailer makes major move that will reverberate up and down the beef marketing chain.

Go to relentless.com and where does it take you? To the Amazon website.

Amazon shook the retail grocery business when it purchased Whole Foods. Mega-grocery store chains have been trying to adjust to the significant competitive threat ever since.

Perhaps Walmart has. While the move initially will up Walmart's ante in the Southeast in retail beef marketing, the question is this: How soon does the retail giant plan on taking the program nationwide?

Below are two news releases explaining Walmart's entry into not just the beef business, but the cattle business.

Walmart, the nation's largest grocer, announced its entry into the beef industry, developing an end-to-end supply chain for Angus beef.

The retailer has been diligently working to improve the quality of its food offering with the company's fresh division and meat department at the forefront of this effort. To ensure supply of quality Angus beef and to meet customer demand for a more transparent supply chain, Walmart is working with best-in-class partners including Texas rancher Bob McClaren of Prime Pursuits.

"As clean labels, traceability and transparency become more and more important to customers, we've made plans to enter into the beef industry creating an unmatched system that allows us to deliver consistent quality and value," said Scott Neal, senior vice president, Meat, Walmart U.S. "By enlisting a number of best-in-class companies to take part in the supply chain, we'll be able to provide customers with unprecedented quality, provide transparency throughout the supply chain and leverage the learnings we gain across our business."

A selection of Angus beef cuts like steaks and roasts from this supply chain will be sold in 500 Walmart stores across a number of states in the southeast including Georgia, Alabama and Florida.

The retailer's new supply chain effort will create a steady demand for ranchers and feedyards offering stability in the marketplace. In addition, more than 250 jobs will be created in Kansas at Creekstone Farms' beef processing facility with another 200 plus jobs in Georgia where the retailer owns a case-ready facility that will be run by FPL Food.

"No bigger paradigm change has taken place in the beef industry than what is happening with Walmart bringing truly high-quality, all-natural, no-hormones-added Black Angus beef to its customers. This bold vision gives Walmart a special place at the table by contributing to the most enjoyable and memorable moments in the lives of its customers," said McClaren.

"It's been four generations since we began, yet the traditional values of the McClaren family and 44 Farms are as relevant today as they were more than a century ago."

"Walmart has listened to its hard-working customers and taken on the monumental task of providing steakhouse quality, natural Black Angus beef to their local stores. This bold vision will not only elevate backyard barbecues and family dinner tables across the country, but transform the entire supply chain," said Hank McWhorter of Mc6 Cattle Feeders. "Mc6 Cattle Feeders is honored to help make this vision a reality. Mc6 is a family business that has been feeding and raising cattle on the same land in the Texas Panhandle for four generations."

Creekstone President and CEO Satoru Oura noted "Creekstone welcomes the opportunity to partner with industry leaders in providing premium quality Black Angus beef to Walmart customers while, at the same time, growing the number of jobs at our state-of-the-art facility."

"Walmart's ever-growing command presence in retail paints an optimistic future, one that proves beneficial for many involved," said Francois Leger, president and CEO of FPL Food. "In addition to FPL employees, this will provide many opportunities for the agriculture community to include farmers, ranchers and cattlemen alike. The positive impact will be felt by many."

WHY WALMART IS ENTERING THE BEEF INDUSTRY

By Scott Neal, SVP Meat

As we get closer to summer grilling season, backyard barbecuers are gearing up to serve hamburgers, steaks and kebabs to family and friends. You likely don't remember your last great piece of chicken, but when you're talking about a mesquite masterpiece, beef is the main event.

That's why here at Walmart, we are working to make the beef America eats better. To us that means more transparency. Customers want freshness and affordability, but they also want to know what's in their food and where it comes from.

To answer our customer's demands, we need visibility into every step in the supply chain. So, we're working with best-in-class suppliers to create an end-to-end Angus beef supply chain:

Bob McClaren of 44 Farms and Prime Pursuits is helping us source cattle raised on family farms and ranches. We are also working with Mc6 Cattle Feeders to feed them. Creekstone Farms will process the cattle at their facility, where more than 250 jobs will be created. FPL Foods will operate our case ready packing facility, where the meat gets packaged and sent to our stores, creating an additional 200 plus jobs.

Beef is an important purchase for our customer... it's likely the most expensive item on their plate and they are treating themselves when they buy it. Creating this supply chain allows us to treat our customers by giving them unprecedented quality and transparency.

Our customers can trust that what they pick up from our meat department will be among the best – and most delicious – meat they can get. Having visibility to the end-to-end process lets us know we are helping our customers bring a consistently great piece of meat to their table every time they buy with us.

We're proud this supply chain program will help with job creation, and we're proud to work alongside companies with a strong history in the industry. Together, our beef program can truly change the dynamics of the beef industry.

Source: Walmart, which is solely responsible for the information provided and is wholly owned by the source. Informa Business Media and all its subsidiaries are not responsible for any of the content contained in this information asset.

R-CALF USA MEMBER ACTION ALERT

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2. If the news media contacts you, please offer them no comment and forward them either to Patrick McGahan at Scott+Scott at 860-531-2606, or to Bill Bullard at 406-252-2516. Talking to the media about the merits of our case could be potentially harmful, particularly if the media misinterprets what you actually say. It is best to forward all media to the two numbers listed above.

3. Refrain from creating any new documents about the lawsuit that could damage its case (for example, social media posts or emails expressing an opinion as to the strength of the case or the behavior of the defendants). Everything posted on social media, or written in emails, could be subject to misinterpretation, which could potentially distract attention away from our lawsuit, or otherwise assist the defendants. So, while we encourage you to re-post R-CALF's social media posts, refrain from offering personal opinions as to the merits of the case. If you have questions or concerns about the lawsuit, please contact the R-CALF USA office by phone.

4. If you believe you have information which might be helpful to the case please don't hesitate to contact R-CALF USA by phone.

5. Now that we have initiated this historical lawsuit, we should let the lawsuit speak for itself and anyone who comments about it should be directed to read the actual text. This will alleviate any misunderstandings or misinterpretations and will allow us to focus exclusively on winning the lawsuit.

Thank you for all your help and support and we will keep you posted!

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Ranchers-Cattlemen Action Legal Fund, United Stockgrowers of America (R-CALF USA) is the largest producer-only cattle trade association in the United States. It is a national, nonprofit organization dedicated to ensuring the continued profitability and viability of the U.S. cattle industry.

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