

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

Hopefully everyone received their membership renewal notice and has sent in their \$50.00 dues. When CPL began Encore Visions was the company we hired to build our website, put out our monthly newsletter and send out meeting notices. Encore Visions sold their company to SJC Marketing in St. Joseph, MO and as of July 1, 2019 has taken on CPL as a customer. Myself and the executive board members, Mike Kovac and Dave Sanson met with this group in St. Joseph on July 8, 2019. We discussed our goals and objectives and I believe SJC Marketing will be a good fit.

We added the National Beef Wire on our website, go to Cattle Markets and News Headlines and click on National Beef Wire. I also suggest you click on "Feeder Flash" at the top of this page and enjoy daily market summaries by Corbett Wall.

Cow/calf producers will be delivering cattle sold via direct

sales this month as well as our "fall runs" at our local auction market. The demand for our Louisiana calves should be good as late summer grazing will be plentiful. Check with your marketing agents to get posted on the market. Don't just "show up" at the sale barn with your cattle, check ahead and have a game plan. The cattle inventory that was released in July showed no or very little change in cattle numbers which means replacement prices could increase next Spring. We in the cattle business today are in some challenging times and this is the time to take advantage of the opportunities that come available to an industry in Louisiana that has flexibility. Our ability to grow forages year-round coupled with adequate water can make us think about going back to a stocker/back-grounding state. Talk to your marketing agent and come up with some options. Stay cool through the "dog days" of summer.

Dave Foster, CEO

U.S. CATTLE INVENTORY REACHES A PLATEAU

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

The July Cattle report shows that the inventory of all cattle and calves in the U.S. was unchanged year over year at 103 million head as of July 1. The inventory of beef cows was likewise unchanged at 32.4 million head while the dairy cow inventory was 9.3 million, down 1.1 percent year over year. Beef replacement heifers were down 4.3 percent at 4.4 million head and dairy replacement heifers were down 2.4 percent to 4.1 million head compared to one year ago. The inventory of bulls was unchanged year over year at 2.1 million head.

The July 1 inventory of steers over 500 pounds was 14.7 million head, up 1.4 percent year over year. The inventory of other (not for replacement) heifers over 500 pounds was 7.9 million head, up 5.3 percent from one year ago. Total steer and heifer calves under 500 pounds was 28.1 million head, down 0.7 percent year over year. With an estimated total July 1 feedlot inventory of 13.6 million head, these inventory estimates lead to an estimated feeder supply outside of feedlots of 37.1 million head, up slightly by 0.3 percent compared to last year. The inventory report was well anticipated and contained no surprises.

These inventory totals suggest that the U.S. cattle herd has reached a plateau. I contrast a plateau with a more typical cyclical peak inventory that historically has implied a liquidation phase to follow. The current inventory levels do not suggest a need for, or an inevitable, liquidation in cattle inventories at this time. Stable cow numbers and calf crop suggest that beef production will show little or no growth going into 2020. Current beef production levels and cattle prices are sustainable until something changes to provoke a new direction in cattle inventories.

Such changes could come sooner or later and could be positive or

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U.S. CATTLE INVENTORY REACHES A PLATEAU

negative. If both domestic and international demand for U.S. beef continues at current levels, there will be little or no pressure on cattle markets. If something should happen to weaken beef demand in the U.S. or in global markets, lower beef and cattle prices could result in some liquidation of cattle inventories. Impressive beef demand since 2017 is showing some signs of weakness that should be closely monitored going forward. Conversely, new growth in demand, most likely to occur if the myriad of trade disputes and issues in which the U.S. is currently embroiled are resolved, could provoke additional herd expansion and new growth in beef and cattle markets at some point.

The U.S. cattle and beef industry may be in the most stable situation that I can ever remember. This is pretty remarkable given the continued turbulence in external market conditions. Numerous factors that could destabilize cattle markets should be monitored including; corn prices and feed market conditions; the impacts of African Swine Fever on global protein markets; U.S. macroeconomic conditions; and exchange rates among others. Additionally, progress or lack thereof on current trade politics or new trade issues that could arise will have a large impact, positive or negative, on the overall climate for beef and cattle markets.

SANTA ROSA RANCH, LARGEST BRANGUS/ULTRABLACK RANCH FOR SALE

By: Greg Henderson

Santa Rosa Ranch owners Gerald and Susanne Sullivan are offering their ranch and cattle for sale. As the largest registered Brangus/Ultrablack operation in the United States, the "River Ranch" is located on over 14,000 contiguous acres of leased and owned property along the Trinity River in Houston County, Texas.

Located in the region halfway between Houston and Dallas, the ranch is described as a "high forage-producing region and ideally suited" for cattle operations.

"Santa Rosa Ranch is on the forefront of this industry – from a genetic and technology perspective, all the way to the marketing and trade of genetics and beef on the global stage," says Gerald Sullivan. "We feel the time is right and the opportunity is great for a new owner. Now, it is the perfect time for a new owner to come in, take over a turn-key operation and derive the full value out of what we built."

By 2020, all of the Santa Rosa Ranch cattle will be available to be registered with the International Brangus Breeders Association, the official registry of the breed. While the registered herd is the core business for Santa Rosa Ranch, one of the most unique aspects is that all of the cattle are approved by the USDA for export to all major global markets for US beef, offering expanded opportunities on the worldwide stage.

Walter Tomlinson, principal of Statesman Corporate Finance, manager of the sale of Santa Rosa Ranch, says, "Everything about the Santa Rosa Ranch's cattle operation is first-class. An opportunity of this quality and scale, operating predominantly on long-term leased acreage, is extremely rare and unique. The Sullivan's have invested heavily in the development of a genetically superior herd and all of the related equipment and facilities are fully in place. The Santa Rosa Ranch is a turn-key operation that can continue uninterrupted under new ownership from day one."

For more information, contact Melvin "Bud" Montang, mmontang@statesmanbiz.com or 515.710.7113. All requests for information must be made by the end of July 2019.

PROFIT TRACKER: FEEDING MARGINS IMPROVE

By: Greg Henderson

Cattle feeding margins climbed to \$18 per head for the week ending July 26, after cash cattle prices improved \$1 per cwt to \$112. Packer margins improved \$6 per head at \$193, according to calculations by Sterling Marketing.

(Note: The Beef and Pork Profit Trackers are intended only as a benchmark for the average cash costs of feeding cattle and hogs.)

A year ago cattle feeders were losing an average of \$41 per head on cash prices of \$112. Feeder cattle represent 72% of the cost of finishing a steer compared to 73% a year ago.

The Beef and Pork Profit Trackers are calculated by Sterling Marketing Inc., Vale, Ore.

Farrow-to-finish pork producers saw their margins improve \$19 per head with profits of \$51. Lean carcass prices traded at \$84.72 per cwt., \$9.67 per cwt. higher than the previous week. A year ago pork producer margins were positive \$14 per head. Pork packers saw average losses of \$14 per head last week.

Sterling Marketing president John Nalivka projects cash profit margins for cow-calf producers in 2019 will average \$138 per cow. That would be 14% lower compared to the \$161 estimated average profit for 2018. Estimated average cow-calf margins were \$164 in 2017, \$176 in 2016, and \$438 per cow in 2015.

For feedyards, Nalivka projects an average profit of \$62 per head in 2019, which would be \$38 better than the average of \$24 per head in 2018. Nalivka expects packer margins to average about \$155 per head in 2019, about \$11 less than in 2018.

For farrow-to-finish pork producers, Nalivka projects an average profit of \$13 per head in 2019, as compared with an average profit of \$1.35 per head in 2018. Pork packers are projected to earn \$16 per head in 2019, about \$4 less than the \$20 per head profits of 2018.

It's hard to believe with all the rain that anyone could be short on grass. The thing is, the weather has not been favorable to grass growth and as a result we continue to see an unseasonable run of pairs and bred cows. If the cow is 8 years old or younger the pair sells well. Some young pairs this week brought over \$1,900.

Bred cows are a right-place-right-time scenario. At one auction fall-bred cows were just over weigh-up price. The next day at an auction just down the road they brought \$400 a head more than weigh-up price.

I already mentioned that the highest value of gain was in cattle weighing under 600 pounds. Looking at market reports from all over the country at cattle weighing over 600 pounds, it is easy to find a lighter one that

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PROFIT TRACKER: FEEDING MARGINS IMPROVE

brought more dollars per head than a heavier one. This is one of two things: a form of paying someone to take your feed, or a good buying opportunity. It all depends on which side of the transaction you are on.

Unweaned cattle were \$5-\$10 back. Thin-fleshed cattle fetched a \$5-\$10 premium. Feeder bulls were \$5-\$20 back. Fleshy cattle were \$10 back, so if you decide to creep feed, be sure to keep an eye on their body condition.

INTENSIFYING PASTURE MANAGEMENT PAYS

How's your solar panel? Warm-season grass health and improved stocking rates are key benefits.

By: Robert Waggener

Sage Askin says an intensively managed rest-rotation system on rangelands has significantly improved groundcover, which has bolstered the "solar panel" and, ultimately, plant growth. A key to that work is keeping cattle on the move.

"In the rangelands, when plants are actively growing in the spring, we move relatively quickly [every one to three days] through about 100-acre paddocks — with herds ranging between 300 and 400 cow-calf pairs or yearlings," says Sage, who leases ranches in eastern Wyoming with his wife, Faith.

This only holds true for pastures slated to be grazed in the spring; pastures are never grazed at the same time each year, and some pastures receive a full year's rest.

"This is definitely invigorating the native-grass community, both cool- and warm-season," Sage says. "According to the USDA, big bluestem is one of the most palatable warm-season grasses. We didn't see any big bluestem until recently, and now we're seeing establishment in multiple places on the main ranch we lease. To me, this is a big indicator of the overall health of rangelands."

Increases in forage production and the stocking rate have enabled the Askins to expand their business. They now have five enterprises: custom grazing 450 to 750 cow-calf pairs each year, custom grazing stockers, leasing cows, running sheep on shares and developing a heifer program. The latter involves breeding and selling their own heifers, which currently number 110.

"We believe we are developing a strong skill set to successfully manage land and get more profits per acre out of the land, compared to traditional, status quo ranching," Sage says.

Next year, the couple plans to start moving cattle twice per day on rangelands from May to July and will also boost the stock density.

"To get our density up, we are now using even bigger herds, up to 600 to 900 yearlings in a pasture," Sage says. "Stock density is a very powerful tool that can multiply the effect of each of the other grazing tools. If we change up the timing of use, it's a good thing. If we do it with added density, it compounds the changes even faster."

Successful ranchers aren't reductionists

Continuing education is an important tool for the Askins and for Harold Stroh, who runs a much smaller operation in Wyoming.

Sage paid his way through college, where he earned a bachelor's degree in rangeland ecology and watershed management from the University of Wyoming, along with five minors (soil science, wildlife and fisheries biology, forestry, agroecology, and reclamation and restoration ecology).

He took one semester off from school for an internship on the Rex Ranch, a large outfit in north-central Nebraska that practices Allan Savory holistic-style grazing management.

"In college and today's business world, you naturally go toward being a reductionist, being very, very good at one thing," Sage says. "That's good in some fields; but to be successful in ranching, you need to think in terms of the whole, in terms of the big picture, rather than being a reductionist."

Sage and Faith are alumni of Dave and Kathy Pratt's Ranching for Profit School, which preaches that healthy lands lead to happy families and profitable businesses.

Faith, who graduated from the University of Wyoming with a degree in rangeland ecology and watershed management, also attended one of Jim Gerrish's four-day Management-intensive Grazing schools.

They both grew up in agriculture families, but learning from others has broadened their skills — everything from grazing management to business decisions.

"It's been rewarding to encompass our personal lifestyles with the ecology of our entire ranching system, and managing for the integrity of that system as a whole — not just one thing," Faith says.

Stroh is a newcomer to ranching, so education has been critical. He reads agriculture-related magazines and books; learns from local folks, including ranchers and employees with the Natural Resources Conservation Service and Niobrara Conservation District; and attends workshops — among them, Gerrish's MiG school.

"Jim is a proponent of intensively managed grazing systems and believes in taking only one-third to one-half of the grass in a paddock, and then getting out," Stroh says. "Time is what matters. It's not the number of head out there, it's the time."

Sage adds, "That has become our modus operandi, too. We take only a third, whether the grass is actively growing or has gone dormant, and have seen excellent animal performance."

Waggener writes from Laramie, Wyo.

R-CALF USA ASKS COURT TO REJECT USDA'S EFFORTS TO CHIP AWAY AT THE FIRST AMENDMENT IN BEEF CHECKOFF CASE

Billings, Mont. - Yesterday, R-CALF USA, through its attorneys, filed documents in the federal district court in Montana asking the court to reject the U.S. Department of Agriculture's (USDA's) argument that it has complete discretion to "chip away" at the First Amendment.

Yesterday's filings are part of the pleadings associated with R-CALF USA's motion for summary judgment, filed with the court on May 20, that asked the court to declare the beef checkoff practices in 15 states unconstitutional. Those states are: Hawaii, Indiana, Kansas, Maryland, Montana, Nebraska, Nevada, New York, North Carolina, Pennsylvania, South Carolina, South Dakota, Texas, Vermont, and Wisconsin.

The documents address arguments by the government and by four of the 15 state beef councils that have intervened in the suit seeking to sustain the checkoff, which compels ranchers to subsidize the private speech of corporate state beef councils, even when they disagree with the message that their compelled funding pays for.

The government, along with four state beef councils, contend that the speech expressed by the private state beef councils is "government speech" and therefore exempt from the Constitution's First Amendment protections.

Not so, states R-CALF USA in its filings. "That is not how the Constitution works," wrote R-CALF USA's lead counsel, David Muraskin of Public Justice. Responding to the government's insistence that the court should defer to its determination when it sufficiently oversees the councils' speech to deem it "government speech," Muraskin wrote that Supreme Court precedent establishes the standards by which speech is government speech, and the state council's speech falls well short of those standards.

For example, the filings state that the government does not have the authority to appoint or remove any of the directors of the 15 private state beef councils, meaning the speech from those councils is private speech. In addition, the filings point out that the government does not approve the oral communications of any of the 15 state councils, nor does it approve the speech expressed by the private third parties that the state beef councils regularly fund with checkoff money, such as the National Cattlemen's Beef Association and the U.S. Meat Export Federation - both of which, according to R-CALF USA, promote the consolidation of the animal agriculture industry. Compelling cattle producers to fund such private speech is "patently unconstitutional," the documents assert.

While the government and state beef councils have tried to argue that the opt-out option available to ranchers, which allows their money to be redirected to the federal checkoff program, is an acceptable work-around, R-CALF USA explains the U.S. Supreme Court has held opt-out opportunities fail to meet the Constitution's requirement. In fact, the filing explains, under Supreme Court case law, placing the burden on citizens to opt-out is recognized as an improper tool used to violate their constitutional rights.

Consequently, R-CALF USA asserts the remedy to correcting the alleged ongoing constitutional violation by the government is to allow cattle producers to voluntarily opt-in to paying for the councils' private speech before any of their money is used for such purposes.

Attorneys for R-CALF USA include lead counsel David Muraskin, a Senior Food Project Attorney at Public Justice, J. Dudley Butler of Butler Farm and Ranch Law Group, PLLC, and Bill Rossbach of Rossbach Law, P.C. in Missoula, Montana.

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