

Cow Country Reporter



November 2021 Volume 13 Issue 11

News from your CEO

In This Issue

News from your CEO

Feedlot Numbers Down but
Plentiful Currently

Potential Impact of CPTPP
Expansion on Red Meat Trade

Fall Cattle Markets and Forage
Conditions

November is here; Good works &
thankful hearts needed

Hulett: Cash Finding Momentum

Protein PACT outlines
communications plan to gain
consumers' trust



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

November is a very special month. As a nation, we celebrate the freedom to vote, honor our Veterans who kept us free and celebrate our blessings on Thanksgiving.

The agriculture community in Louisiana is completing harvest, except our sugarcane farmers who have nicely begun. Our cattle producers are finishing up marketing their calf crop, planting ryegrass and hopefully tallying up their hay harvest. Harvest was a little late this year and, on the cattle side, if you didn't get your calves sold prior to October prices were a bit lower, however compared to last

year in October prices were \$5.00 cwt. to \$15.00 cwt. higher. Receipts at our local livestock markets saw an increase in slaughter cows coming to market (U.S. increase Jan.-Sept. 9%) which would indicate less cattle numbers in 2022. A reduction in mama cows means less calves to market which would mean higher prices. Demand for replacement females should also be higher. We have some challenges ahead of us but let us be ever mindful of our blessings and if you were not affected by the hurricane, say a prayer for those who were.

Happy Thanksgiving!
Dave Foster, CEO

FEEDLOT NUMBERS DOWN BUT PLENTIFUL CURRENTLY

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

The October USDA Cattle on Feed Report showed that feedlot placements in September were 97.1 percent of last year and marketings were 96.9 percent of one year ago. The placement total was lower than expected while the marketings were just slightly lower than expected. The on-feed inventory on October 1 was 11.55 million head, 1.4 percent lower year over year. This is the fourth consecutive month of year over year decreases in the feedlot inventory.

Following the ripple effects of last year's pandemic volatility, it appears that feedlot production has moved past the cyclically peak numbers and will decrease consistently going forward. The quarterly breakdown of steers and heifers shows that the number of steers in feedlots decreased year over year in July and again in this October report. The number of heifers in feedlots, however, was up 1.8 percent year over year in October, after being down in July. This may be the result of some heifers being diverted from breeding to feeding because of drought.

Beyond the cattle on feed numbers are the demographics of the mix of cattle placed in recent months. Feedlot placements have been impacted by overall cattle herd dynamics, the drought and sharply higher feedlot costs of gain. Over the past six months, which covers the majority of cattle currently on feed, placements of cattle under 700 pounds were down 4.8 percent year over year while placements over 800 pounds were up 1.3 percent compared to last year. Focusing on the past three months, July to September, placements of cattle under 600 pounds has been down 6.1 percent year over year while placements over 800 pounds have been down just 0.5 percent year over year. Within the 800 plus pounds placements in the past three months is a 3.0 percent larger total of placements over 900 pounds compared to last year.

These numbers indicate that feedlots are front-loaded with heavy cattle and will remain so for a few more weeks, likely into December. This explains much of the inability of the fed cattle market to move into the tighter numbers needed to break out of current levels. However, the September placements show a very different picture ahead. Out of the overall 2.9 percent decrease in September, placements under 600 pounds were down 1.2 percent year over year and placements over 800 pounds

(continued on page 2)

FEEDLOT NUMBERS DOWN BUT PLENTIFUL CURRENTLY

were down 5.3 percent (including a 7.4 percent year over year decrease in placements over 900 pounds). The implication is that, while it is taking longer than expected to turn the corner on tighter feedlot numbers, the change may be relatively sudden and dramatic when it does arrive. Feedlots have responded to higher costs of gain by focusing more on heavy placements as long as possible. However, the overall decline in cattle numbers and the seasonal dynamics of fall placement weights should result in a rapidly changing feedlot situation by December and into 2022.

POTENTIAL IMPACT OF CPTPP EXPANSION ON RED MEAT TRADE

By Jennifer Shike, (Canva.com)

China's recent announcement of its application for membership in the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) is generating considerable attention.

"Within a week of each other, China and Taiwan filed formal applications to join the agreement," says Joel Haggard, U.S. Meat Export Federation's (USMEF) senior vice president for Asia-Pacific. "CPTPP members have maintained an open attitude and have invited other like-minded parties to join."

The UK, for example, applied for membership in early February and formal accession talks started about a month ago, he says. Other economies that have expressed an interest in joining include the Philippines, South Korea, Thailand and Indonesia.

How Would China Fit?

Optimists argue that China's entry into CPTPP would catalyze the reforms that China has long said it would carry out, including selling off or reforming its state-owned enterprises, enforcing intellectual property rights and opening its financial markets, Haggard notes.

"China is already the world's largest meat importer, and the market still has enormous potential for growth, so its application for membership holds significant appeal for prospective suppliers," he says.

But in order to gain approval from CPTPP members, China would likely be required to reduce import duty rates and address non-tariff trade barriers for red meat imports, Haggard says.

"Just looking at the narrow area of the meat trade, China already has FTAs with Australia and New Zealand. Duties are zero for New Zealand. Red meat imports into China are already quite low for Australia, but exporters like Canada and Mexico would expect lower duties," he says.

CPTPP members have so much to potentially gain from China's membership, so its application should be taken seriously, Haggard adds.

"But there are other meat trade issues beyond tariffs," he says. "Australia currently has major access problems for some of its ag exports to China, including beef. Now one would think those would have to be addressed. Suppliers may also demand more streamlined access procedures for meat plants, such as under the U.S.-China Phase One Agreement."

At the end of the day, China will have to address these market access demands from all members and for all commodities of interest.

FALL CATTLE MARKETS AND FORAGE CONDITIONS

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

October brought significant rain across most of Oklahoma after a very dry September. The rains came in the form of a significant fall severe weather season. A total of 31 tornados were reported in the state in October, a new record for the month and more than for the entire year from January through September.

Wheat planting is finishing up in Oklahoma. The latest Crop Progress report showed a total of 73 percent planted as of October 24, slightly behind the five-year average of 80 percent for the date. Considerable progress was made in wheat planting the last week of October. While wheat for grain-only is still being planted or is newly planted, wheat for forage or dual purpose has progressed significantly with recent rains. Driving across Oklahoma recently I observed wheat in stages from planting to barely emerged to several inches tall. Most wheat pasture will not be ready for grazing until December, later than usual, but I have heard reports that some wheat grazing may begin by mid-November.

Rain and the revived prospects for wheat pasture has lifted calf and stocker prices in October. Prices bottomed earlier than usual in the first week of October and have increased counter-seasonally the last three weeks. For example, prices for 450-500 pound, M/L No. 1 steers were \$167.32/cwt. the first week of October, and averaged \$175.69/cwt. the last week of October (Oklahoma combined auctions).

Nationwide, the drought continues as winter approaches. Drought developed through 2020 and average drought conditions currently are slightly worse than the drought conditions at this time last year. Although there has been some regional changes in drought situation, the overall picture has not changed much. The country started this growing season with the worst average pasture and range conditions on record and is ending the year in the same condition. The reemerging La Niña increases the chances for moisture in the northern half of the country and Canada but simultaneously increases the odds of drier conditions redeveloping in the Southwest. In any event, not much will change regarding forage supplies in the next 6-7 months. The one exception is the potential for wheat pasture and other cool-season forages in the southern plains, which will need additional moisture through the winter.

November will bring big runs of spring-born calves, although in some drought regions, calves moved out earlier. In total, feeder cattle numbers are expected to be smaller going forward as cattle inventories continue to shrink cyclically. Several OQBN preconditioned calf sales are upcoming. Check <http://oqbn.okstate.edu/> for more information.

Derrell Peel, OSU Extension livestock marketing specialist, provides an update on wheat pasture and guidance on navigating higher feed costs this winter. Livestock Marketing (10/23/21) - YouTube

NOVEMBER IS HERE, GOOD WORKS & THANKFUL HEARTS NEEDED

As November unfolds, it's the perfect time to practice an attitude of gratitude. Find ways to represent agriculture and strengthen your community this month.

By: Amanda Radke

As November unfolds, it's the perfect time to practice an attitude of gratitude. Find ways to represent agriculture and strengthen your community this month.

Amanda Radke | Nov 01, 2021

As we kick off the month of November, it is truly crazy to me to think that 2021 is nearly over.

It won't be long until we are carving the turkey at Thanksgiving, roasting the prime rib at Christmas, and clinking champagne glasses to celebrate the start of a new year.

Yes, the days and the weeks seem to be moving fast, but this month, our family is purposefully slowing down and intentionally carving out time to focus on what matters most.

We want to teach our kids to have an attitude of gratitude, and when we look around the country and see so many folks who have lost their homes, their jobs, and even more this past year, I can't help but appreciate the blessings I do have in my life.

A healthy family. A warm roof over my head. Food in my freezer and pantry. Loved ones who care. A fulfilling job that helps me pay my bills. And pastures full of cattle that I truly enjoy working with each day.

Reflecting on these blessings, the kids and I have started the tradition of writing on a pumpkin each day throughout November the things we are thankful for. It's been fun for us to do it each year, and it's a good reminder that although we all have troubles and tribulations in our lives, we can always find something to be grateful for.

Yet, it can be hard to have an appreciative heart when things are tough, right? It's so easy to focus on daily stresses, long to-do lists, work projects and obligations, and the other trials of life that come up each day.

But a little perspective can go a long ways.

Each day, I see new headlines reporting on rising fuel and food prices, and I know every day Americans are hurting. I see it myself — my dollar just doesn't go as far as it used to, and the pinch in the pocketbook is real.

In a recent article published in South Dakota's The Brookings Register, "Beef and veal prices were almost 10% higher in 2021 compared with 2020, while pork prices at the retail level jumped by 6.3% and poultry rose by 5.6% during that time period. Meat prices overall jumped almost 16% from 2019 to 2021, according to the U.S. Department of Agriculture, and experts are predicting meat prices will increase as much as 6% more by the end of 2021."

What's more, Feeding America predicts that, "one in six children in South Dakota will face food insecurity in 2021, an increase over the prior year. In August 2021, about 34,000 households in South Dakota qualified for the Supplemental Nutrition Assistance Program, also known as food stamps. Those households are home to about 35,000 children under 18, according to state data."

The USDA reports, "Food spending rises in families as income rises, but at a slower rate than the rise in income. For families with the lowest 20% of gross incomes in the United States, spending on food averages \$4,400 a year, making up 36% of their income.

"For comparison, families in the second-lowest 20% of average incomes spent \$5,500 on food in 2019, which consumed only 18% of their income. Meanwhile, families in the top 20% of average incomes in the U.S. spent \$14,000 on food in 2019, making up only 8% of their income."

With this in mind, I can't help but have such empathy and concern for Americans who are struggling to make ends meet and put food on the table during this season. If we are shaping up for a long, dark winter, then we need to be mindful of what's going on in our communities and seek to help those who might be food insecure during the holiday season and beyond.

That's where agriculture can truly shine. We can donate to food pantries. We can participate in weekend snack pack programs for vulnerable kids in our schools. We can volunteer at a soup kitchen. Or take a pan of bars or a casserole to the elderly who are shut in and alone.

There are many things that can be done, and I know the beef community can lead the way in doing our part to make our communities stronger while producing steaks and burgers that people will love. Let's make a difference this November, and show the world what the heart of rural America truly looks like!



HULETT: CASH FINDING MOMENTUM

By: Brad Hulett, (CBP)

Last week began with cattle feeders in Texas, who still had some problem cattle, trading at \$124. This was short-lived and everyone with better cattle held on for higher money. Wednesday led to higher prices and all feeders in the South took advantage of \$126 per cwt. bids from all packers.

The North also took advantage of the rising prices. Cash trade was mostly \$126-\$127 per cwt. with dressed cattle at \$200. The North also found multiple packers participating in the market.

This week should see cash push higher once again. The numbers of cattle being offered continue to be short and should push some leverage back to the cattle feeder's side. Feeders are optimistic that this trend will continue until we get to the beginning of the holiday rotation.

Brad Hulett is Director, Customer Development & Regional Manager, Kansas, at Consolidated Beef Producers, Inc.



PROTEIN PACT OUTLINES COMMUNICATIONS PLAN TO GAIN CONSUMERS' TRUST

By: Lisa M. Keefe, MeatingPlace

San Antonio, Texas — It is “Year One” for the Protein PACT, and a plan for communicating the organization’s goals and activities to consumers is being prepared to launch in January, consultants said at the first Protein PACT summit convened here last week.

The program is a step-by-step plan for introducing Protein PACT (People, Animals and Climate of Tomorrow) to the public and laying the groundwork for making sure consumers feel as good and justified in choosing to eat meat as non-meat-eaters feel about their dietary choices.

“They’re under a lot of pressure socially from their friends, family, all the [social media] outlets that they’re looking at, and we’ve got to make them feel better about their choices,” said Aly Mahaffy, co-CEO of Signal Theory, a consumer behavior research consultancy based in Kansas City, Mo.

Mahaffy and Melissa San Miguel, head of Americas for the Red Flag communications strategy firm, whose U.S. offices are in Washington, D.C., laid out the plan for summit attendees. Elements include:

- Building awareness of Protein PACT, primarily through social media, and initially with the phrase, “It’s your plate.” Consumers, facing a myriad of choices and plenty of pressure over which they’ll pick, are looking for that permission to order the conventional meat products they really crave and to feel good about it, Mahaffy and San Miguel said. One proposed variation is, “It’s your plate. It’s our [the meat industry’s] priority.”
 - The next step would be to provide consumers with more information about Protein PACT, its five pillars of successful sustainability, and how companies’ and the industry’s activities line up with consumers shifting values, particularly related to the environment and climate change.
 - The main target for the messaging will be millennials, who not only represent a huge demographic cohort that has felt strongly about these issues for years in surveys, but also are raising their own kids, the so-called Generation Alpha. The conventional meat industry wants to get on their kids’ plates, as well.
 - Later iterations of the campaign are expected to emphasize the familial and ethnic ties consumers feel to their food, the sensory properties of meat products such as bacon, while driving interested shoppers to TheProteinPACT.org for more specific information.
 - Also, the communications plan is to work with micro-influencers — social media personalities who may have around 5,000 to 10,000 followers, but who are popular within certain niche topics, such as types of cuisine. Social media influencers are trusted by a majority of millennial-age consumers and provide a much-needed third-party source of trust and recommendation for conventional meat. Later, as awareness grows, the campaign may reach out to influencers with larger, more general audiences.
 - Finally, the program has a series of marketing initiatives aimed at retailers, such as tip cards and shelf dividers, to help encourage them to spread the “It’s your plate” idea to shoppers at the point of purchase.
- “This is Year One. We know we can build from here,” Mahaffy said.

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