



TEXAS CATTLE FEEDERS ASSOCIATION

NEWSLETTER

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No Action on Farm Bill

Despite widespread hope that the Farm Bill Conference Committee could reach agreement and put a bill before the House and Senate in early January, they have yet to do so. Major disagreements remain over repeal of COOL, repeal of the GIPSA language, dairy policy and a few other issues, delaying action.

“Repeal of mandatory COOL and the GIPSA language remain TCFA’s top priorities in the Farm Bill, and we are actively working with NCBA, other stakeholders and members of the conference committee to resolve the issues,” said TCFA Director of Government Relations Josh Winegarner.

The new target date for completion of the Farm Bill is the end of the month.

Clean Management Review for Beef Board

A management review of the Cattlemen’s Beef Board (CBB) by the Livestock, Poultry and Seed Program of USDA’s Agricultural Marketing Service (AMS) verified the Beef Board is operating within the provisions of the Beef Promotion and Research Act and Order and in line with all related federal laws, regulations and policies.

“These comprehensive reviews are critical to the transparency of checkoff operations to all producers and importers who pay the beef checkoff assessment,” said Jimmy Maxey, CBB secretary-treasurer and cattle feeder in Fresno, Calif. “We are pleased to share the results of this management review so they can feel confident that their hard-earned checkoff dollars are being invested with the utmost care and integrity.”

The review was completed per USDA requirements that AMS conduct management reviews of all commodity boards every three years. For this review, USDA compliance and analysis staff were in CBB offices from July 15-19, 2013, during which time they met with senior management and examined support documents for various CBB activities.

“In our management review of CBB, we noted no reportable findings,” declares the report from the AMS Compliance and Analysis Program staff, released last week. “Our review showed that CBB adhered to the AMS Guidelines for Oversight of Research and Promotion Programs, as well as its own policies.”

A copy of the report is available at <http://tinyurl.com/ams-mgt-rvw>.

McDonald’s to Use “Sustainable Beef” in Burgers Beginning in 2016

McDonald’s Corp. is putting concrete plans – sort of – behind its stated commitment to sustainability in the production of the ingredients that it uses at its restaurants worldwide. McDonald’s said it will begin using “sustainable” beef in its burgers beginning in 2016, reports *Meatingplace*.

Critics quickly noted that the definition of “sustainable” beef is far from universally understood or agreed-upon. Nor does McDonald’s specify how much “sustainable” beef it will begin sourcing in two years or how quickly the fast-food behemoth might ramp up its purchase of the “sustainable” beef.

For more, go to <http://tinyurl.com/mcd-verified-sustainable-beef>.

USDA Changes Cutout Computation

USDA’s Agricultural Marketing Service this week changed the cut yields that it uses to compute its estimates of the beef cutout values, according to the *Daily Livestock Report*. The cutout value represents the weighted average of all of the prices of the various wholesale beef cuts (loin, rib, chuck, round, trimmings, etc.) where the weightings are the portion of the carcass (ie. yield) of each particular cut. So, changing the yields can change the cutout value even if the prices of all of the components stay constant.

“This change will add about \$2/cwt to both the Choice and Select grade cutout values. We believe it is the first major change since 2008,” the *DLR* economists say.

“Every packer – and every plant, actually – computes its own cutout value based on its own actual cut yields and the prices that it gets for the various products it sells. The cutout value is the single most important determinant of how much a packer will bid for cattle on any given day. USDA tries to estimate an average cutout value across packers by using “average” – or, at least, representative – cut yields and reported prices.”

Strong U.S. Red Meat Exports in November – Beef Sets New Value Mark

U.S. red meat exports for November were solid with beef sales setting a new value record with one month remaining in the year and pork exports posting their strongest month of 2013, according to statistics released by the USDA and compiled by the U.S. Meat Export Federation (USMEF).

U.S. beef exports in November reached 101,341 metric tons (mt), an 11 percent hike over last year, while the value rose 16 percent to \$524.5 million. Exports accounted for 14.3 percent of total U.S. beef production (muscle cuts plus variety meat) and 11 percent of muscle cuts alone compared to 12 and 9 percent, respectively, in November of 2012.

Export value per head of fed slaughter in November jumped to \$267.36, an increase of \$51.41 over last year. The top-performing beef export markets in November were:

- Japan: 17,135 mt (up 74 percent) valued at \$101.2 million (up 41 percent). Japan is the top volume and value market for U.S. beef exports, totaling 219,081 mt (up 52 percent) valued at \$1.3 billion (up 34 percent) for the year
- Mexico: 20,114 mt (up more than 62 percent) valued at \$82.9 million (up more than 50 percent). Mexico is the No. 2 volume market for U.S. beef for the year, totaling 191,984 mt (up 8 percent) valued at \$819.9 million (up 8 percent)
- Hong Kong: 15,185 mt (up 112 percent) valued at \$98.1 million (up 163 percent)
- ASEAN: 3,080 mt (up 22 percent) valued at \$14.1 million (up 20 percent), led by a recovery of exports to Indonesia

Complete export results are available at <http://tinyurl.com/usmef-stats>.

USDA Backtracks on Changes to School Lunch Program

USDA is backtracking on its stance to limit protein in school lunch programs. Last week, USDA Undersecretary for Food, Nutrition and Consumer Services Kevin Concannon announced that USDA is making permanent the current flexibility that allows schools to serve larger portions of lean protein and whole grains at mealtime.

“Well, it’s about time,” says *BEEF Daily* blogger Amanda Radke. “In the fall of 2012, USDA rolled out new “healthier” requirements for school lunch programs that were designed to limit calories and portion sizes as a way to fight childhood obesity. But the changes had kids and parents complaining about the food choices, and school districts upset with the heightened costs of compliance. After USDA received an overwhelming number of calls, letters and emails from concerned moms stating how their children are too hungry to concentrate in class and get through their sports practices because of the reduced food intake offered at lunchtime, USDA relented in December 2012 by temporarily adding flexibility to the requirements. It appears USDA is listening to the concern from schools, lawmakers and parents and is now acting to make that temporary flexibility permanent.” Find more information at <http://tinyurl.com/usda-school-lunch-changes> and the USDA news release at <http://tinyurl.com/usda-school-lunch-changes-pr>.

CoBank Releases Quarterly Rural Economic Review

An improving outlook for economic growth and declining crop prices will generate mixed effects for rural America in 2014, according to CoBank’s new Quarterly U.S. Rural Economic Review.

A growing economy should bolster demand for agricultural products, power and energy, and communication services. However, greater supplies of grain and other crop commodities will pressure prices and re-direct market forces in favor of processors and consumers. In previous years, limited supplies had elevated prices, which have benefited grain producers but penalized grain buyers. In the coming year, the animal protein and dairy sectors, grain handlers, and ethanol producers will benefit most from the transition.

“The global economy is not out of the woods yet but it’s headed in the right direction,” said Leonard Sahling, director of CoBank’s Knowledge Exchange Division, which issued the report. “Incomes will steadily rise in 2014, and so will the demand for commodities and services. However, the rising economic tide will lift most ships, but not all. Crop supplies will increase, despite greater use, and will provide relief to some, while challenging others.” Read the report at <http://tinyurl.com/ke-q4-rural-econ-rvw>.

Antibiotics White Paper Released

The National Institute of Animal Agriculture has released a White Paper from the recent antibiotic symposium titled “Bridging the Gap between Animal Health and Human Health.”

The paper highlights information delivered during the symposium by 20 different speakers-including antibiotic use and resistance experts representing animal health, human health and public health as well as a consumer

advocate organization, grocery retailers, and selected media representing agriculture and consumer advocates. View the white paper at <http://tinyurl.com/bridging-gap-white-paper>.

TAHC Re-evaluating Prohibition of Dairy Cattle in El Paso and Hudspeth Counties Because of TB

The Texas Animal Health Commission (TAHC) will have field personnel working in portions of El Paso and Hudspeth counties in the coming months conducting a Bovine Tuberculosis (TB) risk assessment of livestock and wildlife. A law passed during the 83rd Texas Legislative Session authored by State Representatives Mary González and Poncho Nevárez and sponsored by State Senator José Rodríguez, directed the TAHC to conduct a study to determine the current risk level for Bovine TB in the area.

The ultimate goal of the study is for the TAHC to reconsider the current prohibition of dairy cattle in parts of El Paso and Hudspeth counties, in a report to be completed by Sept. 1, 2014. The original prohibition on dairy cattle in the region was implemented by the TAHC in 2003 as a result of recurring and long term TB infection in local dairies, and the loss of Texas' TB Free designation by USDA. Approximately 12,000 head of cattle in 10 dairies were located in the El Paso milk shed prior to the prohibition.

Tuberculosis testing of susceptible livestock will be an essential part of the risk assessment process. Testing of all cattle in the existing high risk area, along with representative sampling of small ruminants (goats/sheep), swine, and selected wildlife is scheduled to begin Feb. 3, 2014. Dairy cattle near the high risk area will be tested as well. For more, go to <http://tinyurl.com/tahc-tb-rvw>.

Restaurants Report Sales Increases

The National Restaurant Association's Restaurant Performance Index (RPI) hit a five month high in November 2013 due to improvement of same store sales and customer traffic levels. The RPI stood at 101.2 in November, the most recent data available, up 0.3 percent from October, the strongest level since June. In addition, the RPI stood above 100 for the ninth consecutive month, which signifies expansion in the index of key industry indicators, reports the North American Meat Association.

A majority of restaurant operators reported higher same store sales for the second consecutive month in November. Fifty-seven percent of restaurant operators reported a same store sales gain between November 2012 and November 2013, up from 54 percent in October and the highest level in six months. In contrast, 29 percent of operators reported a decline in same store sales in November, compared to 30 percent in October.

Restaurant operators are positive about sales expectations in the months ahead with 38 percent expecting to have higher sales in six months (compared to the same period in the previous year), up slightly from 36 percent who reported similarly last month. Meanwhile, only nine percent of restaurant operators expect their sales volume in six months to be lower than it was during the same period in the previous year, while 53 percent expect their sales to remain about the same. Find more at <http://tinyurl.com/nat-restaurant-assn-rpi>.

Cold Weather – Hot Cattle and Beef Markets

It will likely take another week or so to fully assess post-holiday beef markets, says Derrell Peel, Oklahoma State University Extension livestock marketing specialist. That's because the massive winter storm affecting the Eastern half of the country will have additional impacts on both beef supply and demand.

"The fact that most major cattle feeding regions are not being affected by big snow totals will reduce the impacts, but the cold temperatures and temperature swings will affect animal performance and hold carcass weights in check," he says. "Snow is heavier from the Eastern Corn Belt through the Northeast and, combined with brutally cold temperatures, will likely reduce beef demand and product movement for a few days."

Horse Slaughterhouse Blocked Again

A New Mexico state judge extended his order blocking the planned opening of a horse slaughterhouse in Roswell. State District Judge Matthew Wilson last Friday ordered that the ban remain in place and scheduled a Jan. 13 hearing in the lawsuit filed by Attorney General Gary King, who claims that Valley Meat Co. is poised to violate state laws on water quality and food and consumer safety, reports the *Albuquerque Journal*.

"We've been going through this for two years now, and so ... we'll see what happens in 10 days," Valley Meat owner Rick De Los Santos said last Friday after the judge's ruling in Santa Fe. He estimated the plant could be ready to open within a couple of weeks if the restraining order were lifted.

For more, go to <http://tinyurl.com/horse-slaughter-blocked-again>.

Senate Confirms Yellen as Fed Chair

On its first day back since the holiday break, by a 56 to 26 vote, the U.S. Senate confirmed Janet Yellen to succeed Ben Bernanke as chairman of the U.S. Federal Reserve when his term expires on Jan. 31, 2014. Many senators were not able to make it back to Washington for the vote due to inclement weather.

She will be the first woman to lead the 100-year old agency and the first chairman to be appointed by a Democratic president since Paul Volcker was appointed by President Jimmy Carter. Yellen, 67, is not new to the Federal Reserve system as she has served as vice chair since 2010. Prior to that appointment, she served as president and CEO of the Twelfth District Federal Reserve Bank in San Francisco, according to *Drover's Cattle Network*. Yellen's first meeting as chair is scheduled for March.

USDA Extends Deadline for Conservation Stewardship Applications

USDA's Natural Resources Conservation Service (NRCS) has extended the deadline for new enrollments in the Conservation Stewardship Program for fiscal year 2014. Producers interested in the program can submit applications to NRCS through Feb. 7, 2014. Find more at <http://tinyurl.com/csp-program-signup-ext>.

Upscale Burger Chain Launches \$65 Hamburger

A Los Angeles-based restaurant chain has introduced a hamburger in three of its eateries that will set diners back \$65 per serving. Umami Restaurant Group is offering its M.N.O., which stands for "Money's No Object," Burger in three of its restaurants in San Francisco, Los Angeles and New York on specific days for big spenders who enjoy the fine dining when eating ground beef.

The burger features Bryan Flannery Wagyu Beef, a port reduction sauce and freshly shaved white truffles. New York diners can also pay an additional \$10 to include a slice of foie gras on their M.N.O. Burger, served at the Greenwich Village Umami Burger outlet. (The delicacy now is illegal to serve in California restaurants.)

The company operates a total of 22 high-end burger restaurants nationwide, but only offers the M.N.O. Burger in the three locations for a limited time, according to *Meatingplace*.

Record-Breaking Trade Show on Tap for 2014 Cattle Industry Convention in Nashville

Attendees of the 2014 Cattle Industry Convention and NCBA Trade Show in Nashville, Tenn., Feb. 4-7, should be sure to pack comfortable walking shoes. The NCBA Trade Show – for years, the beef cattle industry's largest – is getting bigger, adding more than 30 exhibitors and thousands of square feet of booth space.

In 2014, there will be more than 300 exhibitors on 247,000 square feet – 5.7 acres – that will feature everything from animal health products and ranch equipment to real estate, seed products, software, and western art. Details on the 2014 Cattle Industry Convention and NCBA Trade Show are at www.beefusa.org.

Cattle Raisers Convention Scheduled April 4-6 in San Antonio

The Texas and Southwestern Cattle Raisers Association will hold its 137th annual Cattle Raisers Convention April 4-6 at the Henry B. Gonzalez Convention Center in San Antonio. Highlights of the convention include the popular School for Successful Ranching, the Cattle Raisers Exposition, and committee breakout sessions covering a wide range of ranching and wildlife topics. Find a schedule at <http://tscra.org/convention/index.html>.

TCFA Welcomes New Feedyard Services Assistants

TCFA welcomes to the team Christopher Topliff of Amarillo and Michael Massey of College Station as they take on the role of Feedyard Services Assistants.

Topliff graduated in May 2011 with an Environmental Science degree from West Texas A&M University and will receive his masters in May of this year. He has worked closely with the local ag industry on employee training in emergency response and management and says he looks forward to his time at TCFA.

"I am very honored to begin work for such an influential organization that does so much for the ag community," Topliff said. "I will do my best to maintain the level of excellence that is associated with the TCFA name by keeping members and their needs as my top priority."

Massey, a December 2013 graduate of Texas A&M University, received an Agronomy degree. In his time at TAMU, Massey worked at the Soil Characterization Lab and was a member of the TAMU Soil Judging Team.

"I am new to the cattle industry, but I look forward to learning about and working with TCFA feedyard members on TCFA's Environmental Services and BQA programs."

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