



# TEXAS CATTLE FEEDERS ASSOCIATION

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# NEWSLETTER

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## **TCFA'S Board of Directors Met This Week in Amarillo**

TCFA's Board of Directors met this week in Amarillo and took the following actions:

- Accepted the annual independent audit report.
- Accepted reports from TCFA standing committees including adoption of 2014 goals.
- Discussed support for a Texas beef checkoff program to help fight increasing challenges from activist groups, among other things, and offset declining revenues from herd reduction.
- Approved sending a letter to the CME supporting changes to the proposed specs for heifer delivery.
- Heard a report from 2013 TCFA Leadership Program participant Tyler Keeling.
- Received progress reports from staff on several TCFA projects and program updates, including beef production sustainability, animal care, COOL, Farm Bill, Mandatory Price Reporting, Colorado State study on price discovery, 3<sup>rd</sup> party audits of beef quality assurance programs, ESA conservation plans on the Lesser Prairie Chicken and Black-footed Ferret, safety program enhancements and others.

## **WTO Sets COOL Dispute Hearing**

The World Trade Organization (WTO) announced that a dispute hearing on the U.S. country-of-origin labeling rule (COOL) has been set for Feb. 18 and 19. The hearing, which will take place at WTO's main office in Geneva, Switzerland, will focus on whether the recent USDA COOL rule complies with previous rulings of the Dispute Settlement Body.

Thirteen countries back Canada and Mexico's WTO challenge of the U.S. mandatory country-of-origin labeling law: Argentina, Australia, Brazil, China, Colombia, European Union, Guatemala, India, Japan, South Korea, New Zealand, Peru and Chinese Taipei. The entire dispute resolution process is expected to take 18 to 24 months to complete.

## **What's Next for the Cattle and Beef Markets**

The Choice boxed beef cutout reached \$231.71/cwt. on Friday, Jan. 17, and continued its run-up this week, hitting \$240.05/cwt. Wednesday before backing off to \$238.55/cwt. Thursday. Last Friday's close was up 15.5 percent since Jan. 2. Select boxed beef, which had never been higher than \$200/cwt. prior to Jan. 6, was at \$229.32/cwt. on Jan. 17 and reached \$237.44/cwt. Wednesday before falling to \$236.93/cwt. Thursday. Fed cattle cash prices hit \$148/cwt. this week. This dramatic run in fed cattle and boxed beef markets goes well beyond expectations for this early in the year and leads to the questions of what caused this and where do we go from here?

"While the rapid advance in these markets happened much quicker and more dramatically than anticipated, the overall price levels are not at all unreasonable relative to conditions that have been building for many months," says Derrell Peel, Oklahoma State University Extension livestock market specialist.

The general tightening of market supplies of fed cattle combined with moderating carcass weights means that beef supplies were sensitive to any disruptions. The disruptions came with the large winter storms during the holidays that negatively affected fed cattle production and slaughter, and wholesale and retail beef distribution," Peel says. In addition, beef demand has remained strong.

What's next for fed cattle price and the boxed beef cutout? "Obviously these are uncharted waters so market predictions are scary and probably humbling. However, a couple of things seem likely to me," Peel says.

"First, I doubt that the breathless run will continue much longer. Moreover, I wouldn't be surprised to see both boxed beef and fed prices back up a bit as the market tries to figure out exactly where we are and to consolidate the market fundamentals. Both fed cattle and boxed beef prices could drop back a few dollars and still be well ahead of earlier expectations for this point in time.

“That said, I don’t necessarily see any reason for a major unwinding of recent market advances and first quarter averages of fed cattle and boxed beef prices are likely to be higher than previously expected. The market is clearly being driven by short supplies with a decent demand underpinning. Winter time is a difficult time to rebuild supplies under average conditions and means that the market is particularly susceptible to more winter disruptions.”

### **Beef Industry Faces Numerous Challenges From Regulators and Activists**

For cattlemen, it’s no longer enough just to produce a safe, wholesome and healthy product. The beef industry needs to continue to address a changing consumer environment while dealing with any number of activists and issues, says NCBA President Scott George.

“Our producers are always looking for ways to improve what they do. And we’re all committed to producing a good quality product for consumers. Some groups raise concerns and we have to address those concerns because consumers also reflect those same concerns,” he says.

George says NCBA’s communications efforts must be resonating with consumers because he sees increased activities by activist groups to attack the funding mechanism of those programs, not only in the cattle industry, but in other animal agriculture sectors as well.

“Some of these groups have targeted the checkoff because they recognize that those dollars help us address consumers’ concerns which keep the consumers buying our product. So, they thought, ‘if there’s a way we can disrupt this, we’re going to target checkoff programs.’ And we’re seeing it not only in the beef industry but in the dairy and the pork industries as well. All their checkoff programs are under attack. That tells me they’re working. That’s not a bad sign to me.”

For more, go to <http://tinyurl.com/2014beef-challenges>.

### **TCFA Dues Rebate Criteria and Forms Available**

If you fed 10,000 head or more in 2013, you may apply for a dues rebate. The rebate applies to the cumulative number of cattle fed by a single feeding entity. Rebate applications must be completed and returned to the TCFA office by April 15. For more information or to request an application, call TCFA at (806) 358-3681 or contact Kayla Lanford at [kayla@tcfa.org](mailto:kayla@tcfa.org).

### **USDA Researchers Say American Adults Have Changed Eating Habits**

American adults are consuming fewer calories from fat and saturated fat, eating less cholesterol, making better use of nutritional information and eating at home more often, the USDA’s Economic Research Service said in a new report.

The study, titled “Changes in Eating Patterns and Diet Quality Among Working-Age Adults, 2005-2010,” analyzed individual dietary intake data from the National Health and Nutrition Examination Survey, which collects data from a sample of 9,839 individuals that’s designed to be nationally representative, according to the *Oklahoma Farm Report*.

Between 2005 and 2010, daily caloric intake dropped by 78 calories. ERS researcher Jessica Todd also noted a 3.3 percent drop in calories from total fat, a 5.9 percent drop in calories from saturated fat, and a 7.9 percent drop in cholesterol intake.

For more, go to <http://tinyurl.com/AdultsEatingBetter>.

### **Restaurant Sales Growth Continues to Climb**

Despite continued challenges in the domestic economy, 2014 will mark the fifth consecutive year of restaurant industry sales growth, according to the National Restaurant Association’s (NRA) 2014 Restaurant Industry Forecast. Industry sales are projected to exceed \$683 billion in 2014, up 3.6 percent from 2013’s sales volume of \$659 billion.

According to NRA, 2014 also will mark the 15th straight year in which restaurant industry employment growth will outpace overall employment growth. The industry will continue to be the nation’s second largest private employer with 990,000 restaurants employing 13.5 million individuals, or about 10 percent of the total U.S. workforce, reports *Cattle Current*.

Consumer trends cited by NRA include:

- Local sourcing and nutritious options (such as healthful kids’ meals, gluten-free) continue to be the top trends throughout the industry.
- Environmental sustainability, a long-term trend among operators and consumers. Nearly three out of five consumers say they are likely to make a restaurant choice based on its eco-friendly practices,

- Nearly one-fifth of consumers say technology options are an important feature that factors into their decision when choosing a full-service restaurant; 24 percent of 18-to-34-year-olds say they consider a restaurant's technology options when selecting where to go, compared to 11 percent of individuals age 65 and over. Similarly, more than one-fifth of consumers say technology options factor into their decisions when choosing a limited-service restaurant: 33 percent of 18-to-34-year-olds, compared to 7 percent of those 65-plus.

### **Pasture, Cropland Show Acreage Gains, Less Erosion**

A new report on the status and conditions of America's agricultural lands shows cropland erosion rates remained stable between 2007 and 2010, despite a growth in agricultural land use and more extreme weather events.

NRCS's latest National Resources Inventory (NRI) summary report features data on how U.S. non-federal rural lands are being used. Data comes from 800,000 sample locations across the country.

NRI data also shows that between 2007 and 2010:

- Pastureland increased by 847,000 acres.
- Cropland acres increased by 2 million acres, this following a steady decline over the previous 25 years.
- Developed land increased by 2 percent from 111.1 to 113.3 million acres.
- Palustrine wetlands slightly increased. These include swamps or marshes, and estuarine wetlands.
- Acres enrolled in NRCS programs grew from about 17 million acres in 2007 to about 40 million in 2010.
- Fruit, nut and flower production acreage surged from 124,800 to almost 274,000.

Download the NRI report at [www.nrcs.usda.gov/wps/portal/nrcs/main/national/technical/nra/nri/](http://www.nrcs.usda.gov/wps/portal/nrcs/main/national/technical/nra/nri/).

### **BSE Case Found in Germany**

German health officials this week reported finding the country's first case of BSE since 2009. The case was discovered in a 10-year-old beef cow through routine slaughter testing. Germany requires BSE testing in cattle that go to slaughter at older than eight years of age.

According to an article in *Food Safety News*, officials determined the case is an atypical "L-Type" form of BSE that is believed to rarely develop spontaneously in older cattle. Beef from the animal did not enter the food supply. Health officials currently are testing some of the animal's offspring and herdmates.

According to the article, Germany has detected 312 cases of BSE since its first in 2000. The United Kingdom has reported 183,000 cases, and the United States has found four.

### **Survey Shows Consumers Don't Trust ABC News, Chipotle**

According to the January food demand survey (FoodS) conducted by Oklahoma State University, USDA and FDA were listed as the most trustworthy sources of information about meat and livestock by consumers.

News organizations such as the *New York Times* and *ABC News*, and food companies such as McDonald's and Chipotle Mexican Grill, ranked lowest.

The survey also found that consumers indicated they saw more in the news about all food in January. Salmonella, *E. coli* and hormones remained consumers' top three concern when purchasing food. Concern for all issues rose in January, with the largest percent increase occurring for farm animal welfare, swine flu and gestation crates.

FoodS is a consumer tracking survey that provides monthly insights on consumer awareness of food-related issues and how those could affect demand, with specific emphasis on meat. To read the complete report, go to <http://agecon.okstate.edu/faculty/publications/4709.pdf>.

### **Fed Reports Lending Slowdown**

A slowdown in lending for capital purchases contributed to lower farm loan volumes in the fourth quarter of 2013, according to the Federal Reserve's "Agricultural Finance Databook."

According to national survey data collected during the first full week of November, the volume of loans for farm machinery and equipment purchases dropped to the lowest level in more than two years, despite attractive loan terms of low interest rates and longer average maturities.

Strong incomes and a drop in key production costs also limited the need for short-term financing to the farm sector. A rebound in crop production in most regions helped offset a sharp drop in corn prices at harvest, keeping farm income relatively high. In turn, lower corn prices reduced feed costs for livestock operators.

Farm real estate lending eased during the fourth-quarter survey period. While farmland values generally were still rising, agricultural bankers reported gains had moderated from the brisk pace of the past few years. Most bankers felt that farmland values would hold steady at high levels heading into 2014.

The “Agricultural Finance Databook” is a quarterly compilation of national and regional agricultural finance data. The complete release is available at [www.kansascityfed.org/research/indicatorsdata/agfinance](http://www.kansascityfed.org/research/indicatorsdata/agfinance).

### **Public Funding for Ag Research Lagging**

Public investment in agricultural research in the United States is lagging behind other nations, but land-grant university scientists still have the intellectual heft to make the country a leader in the challenge of feeding a growing global population. That was the synopsis of former Secretary of Agriculture Dan Glickman this week at the University of Nebraska Heuermann Lectures panel. He was discussing the topic, “Regaining the U.S. Lead in Agricultural and Natural Resources Research and Education.”

In 1980, the U.S. was the world’s leader in public funding of agriculture, but beginning in about 2000, China began dramatically increasing its investment and has surpassed the U.S., said Catherine Woteki, USDA undersecretary for research, education and economics. Brazil and India also have increased such spending at a time when U.S. spending turned stagnant and even decreased, according to *Cattle Current*.

“This is not an arms race,” Glickman said. “We’re glad other countries are spending” on agricultural research and education. But the U.S. must stake a place in the effort to feed a population expected to increase from 7 billion to 9 billion by mid-century.

“We have the best scientists. We don’t have to be doing all this work, but we have to be a leader,” Glickman added.

### **NCBA Accepting Applications for Public Policy Internship**

The National Cattlemen’s Beef Association (NCBA) and the Public Lands Council government affairs office in Washington, D.C., is accepting applications for the fall 2014 public policy internship. The deadline to submit an application is Feb. 17, 2014.

“From food safety and trade to environmental issues and taxes, this internship will give college students the opportunity to work alongside staff on many critical issues affecting U.S. cattlemen and women,” said NCBA Executive Director of Legislative Affairs Kristina Butts. “The internship is designed to work closely with the lobbying team on Capitol Hill; to assist with NCBA and PLC’s regulatory efforts; and to work closely with the communications team.”

The full-time internship will begin Sept. 8, 2014 and end Dec. 13, 2014. To apply, interested college juniors, seniors or graduate students should submit the application, college transcripts, two letters of recommendation and a resume to [internships@beef.org](mailto:internships@beef.org). More information about the NCBA public policy internship is available on <http://www.beefusa.org/newsreleases1.aspx?newsid=3176>.

### **National Ag Day Essay Contest Deadline Approaching**

The Agriculture Council of America (ACA) calls on ninth- to 12th-grade students to submit an original, 450-word essay or a two-minute video essay about the importance of agriculture. This year’s theme is “Agriculture: 365 Sunrises and 7 Billion Mouths to Feed” and the deadline is Jan. 31, 2014. The ACA asks teachers and parents to encourage student participation.

All written entries should be sent to: 2014 Ag Day Essay Contest, Agriculture Council of America, 11020 King Street, Suite 205, Overland Park, KS 66210, or submitted by email to [essay@agday.org](mailto:essay@agday.org). Students may upload video essays at <http://agday.leapfile.net> and follow the directions on the page, or students may choose to mail video entries on a compact disc to the address above. Visit [www.agday.org/media/pr6.php](http://www.agday.org/media/pr6.php) to read official contest rules and for more details regarding entry applications.

### **Employee Management Book Available Online**

The third edition of “Party-Directed Mediation: Facilitating Dialogue Between Individuals” is now online as a free PDF download. This book explains two mediation models in depth. The first model is used to deal with conflicts among peers; the second, disputes between superiors and subordinates.

To access the book, go to [www.cnr.berkeley.edu/ucce50/ag-labor/7conflict/](http://www.cnr.berkeley.edu/ucce50/ag-labor/7conflict/) or alternatively, try <http://tinyurl.com/3kzu5>. The hard copy of the book will go on sale later this year.

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