



TEXAS CATTLE FEEDERS ASSOCIATION

NEWSLETTER

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House Passes Farm Bill, Fails to Address Priority Livestock Issues

Despite the objections of several livestock groups, the U.S. House of Representatives passed the 2014 Farm Bill Conference Report on Wednesday. TCFA, TSCRA and NCBA all opposed final passage of the bill, because it leaves unchanged the country-of-origin labeling (COOL) and Grain Inspection, Packers and Stockyards (GIPSA) anti-competition provisions.

“We are extremely disappointed,” said TCFA Chairman Jason Hitch. “The livestock groups have been working with members and staff of the House and Senate Agriculture Committees for several years trying to resolve these issues. We understand the contentious nature of these issues, but at every turn we were given assurances, some as recently as this week, that they would be resolved.”

However, the bill does contain beneficial provisions for cattle producers, including disaster assistance and conservation programs. The bill could be considered by the Senate as early as next Monday, where adoption is expected. The livestock groups will continue to oppose passage of the bill and will continue to work on other solutions to both COOL and GIPSA. The recently approved appropriations bill will prevent funds from being used to implement the GIPSA rule in FY 2014.

TCFA Comments in Support of Renewable Fuel Standard Reduction

Earlier this week, TCFA submitted comments to the EPA supporting a proposed rule to reduce the 2014 renewable volume obligations for conventional ethanol (corn-based) by 1.39 billion gallons. TCFA members also were encouraged to submit their own comments in support of the proposed rule.

“While this proposal is focused on the energy side of the debate, rather than the feed side, this rule will have a direct impact on cattle feeders and all feed grain consumers. Since the RFS’s enactment more than eight years ago, cattle feeders have incurred significantly higher feed costs and subsequent business losses due to the diversion of corn from animal feed to ethanol – especially during the record droughts and short corn crops these last few years,” the comments said.

“This proposed rule is a step in the right direction and acknowledges that the current RFS goals are impractical and need to be re-evaluated. TCFA urges EPA to implement the proposed reductions and work with Congress to consider long-term reforms that take into account other grain consumers and true market demand. Artificially diverting more of the corn crop to ethanol production is bad public policy. The corn ethanol industry has already benefitted from over three decades of federal support. It’s time to allow the market – not the government – to determine the best use of our valuable food supply,” the comments continued.

TCFA’s comments are available at <http://tinyurl.com/tcfa-rfs-comments>. NCBA also submitted comments in support of the proposed rule.

Beef’s Advertising Efforts Shifting Gears

The checkoff’s journey from an extensive print and radio consumer-marketing campaign to an integrated digital campaign in 2014 has begun with a data-centered approach focused on “micro-” or “geo-targeting.”

This technology allows cattlemen to deliver a relevant beef solution to millennial moms in a particular geographic region who are actively looking for quick and simple weeknight meals, for example. Promotions are taking on a variety of digital forms, including search engine optimization, Facebook advertising, display advertising and other emerging online tools.

Through this process, the checkoff is working to deepen engagement with this critical consumer target – driving them to the checkoff’s existing sites, like the “Beef. It’s What’s for Dinner.” website, Facebook, Twitter, YouTube and Pinterest properties to access the specific information they need at the exact moment they need the information. Learn more about your beef checkoff investment at <http://tinyurl.com/beefboard-audio>.

U.S. Cattle Inventory Report

The U.S. Cattle Inventory Report, including all cattle and calves, was down 2 percent from last year, making 2014 the lowest Jan. 1 inventory of all cattle and calves since the 82.1 million reported in 1951.

- All cattle and calves, 87.7 million down 2 percent.
- Cows and heifers that have calved, 38 million down 1 percent.
- Beef cows, 29 million down 1 percent.
- Dairy cows, 9.2 million unchanged.
- Heifers 500 pounds and over, 18.8 million down 2 percent.
- Beef replacement heifers, 5.5 million up 2 percent.
- Dairy replacement heifers, 4.5 million unchanged.
- Other heifers, 8.7 million down 5 percent.
- Steers 500 pounds and over, 15.4 million down 3 percent.
- Bulls 500 pounds and over, 2 million down 1 percent.
- Calves under 500 pounds, 13.3 million down 4 percent.
- 2013 calf crop, 33.9 million down 1 percent from 2012.
- Cattle on small grains pasture in KS, OK and TX, 1.61 million up 20 percent.

With feeder cattle and replacement heifer prices at and above historical levels, the reports shows that 10 million head of heifers are expected to be retained as producing cows. This is a similar scenario as last year. Mother Nature will determine how many of these heifers will be introduced to the cow herd as pasture and range conditions in parts of the west are in need of moisture.

McDonald's & Walmart Demand Sustainable Beef – What Does That Really Mean?

When McDonald's announced it will begin purchasing verifiable sustainable beef in 2016, many in the cattle business wondered exactly what McDonald's meant by "sustainable beef."

Here's the catch – nobody knows. And that, says Tom McDonald, is a conundrum. McDonald is vice president of environmental affairs with JBS Five Rivers Cattle Feeding and a member of the committee overseeing NCBA's beef sustainability assessment project. Speaking at the Southwest Beef Symposium recently in Clayton, N.M., McDonald told cattlemen that the beef sustainability clock is now ticking in earnest.

Prior to the announcement, there was a lot of conversation about beef sustainability, but little definite action. That has now changed. "Now we have a deadline. In 2016, McDonald's is going to purchase verified sustainable beef. They don't say how much and they don't give themselves a timeline to have their entire beef purchases sustainable. But I bet you in 2016, we will have standards and they will have a way to verify them. So the clock starts." For more, go to <http://tinyurl.com/mcnds-wmart-sustainable-beef>.

More Choice Cattle Have Hit the Market in 2013

There has been a sharp increase in the proportion of fed cattle grading Choice since last summer. The increase has been accompanied by a sharp drop in the proportion of cattle falling into the next highest quality grade, Select, according to the *Daily Livestock Report (DLR)*.

In the most recent data (for the week ending January 18) from USDA's Agricultural Marketing Service, the percentage of cattle grading Choice rose by 4 percent from the same week one year ago while the percentage grading Select fell by 3.5 percent.

The percentages of cattle falling into these two grades are at record levels – highs for Choice and lows for Select. These shifts are a primary driver in the strength of the Select grade cutout value the past few weeks: there simply is not as much Select grade product available. The result has been a narrowing of the spread between the Choice and Select cutout values.

However, it appears that trend may be changing. Packers have needed more cattle, and the narrowing spread has reduced the value of feeding long enough for cattle to grade Choice; thus, fewer Choice cattle. The Choice share will increase if the spread widens again, the *DLR* economists say. Find more at <http://tinyurl.com/dlr-jan-29>.

Fish and Wildlife Service Reopens Public Comment on Lesser Prairie-Chicken Rule

The U.S. Fish and Wildlife Service (USFWS) has reopened for 14 days the public comment period on the proposed special rule that would provide regulatory certainty for landowners by exempting from regulation any conservation actions and development undertaken in accordance with the state-developed, range-wide Lesser Prairie-Chicken conservation plan, should the prairie-chicken be listed as threatened under the Endangered

Species Act (ESA). The reopening is to ensure that the public has access to the range-wide conservation plan referenced in the special rule. The range-wide plan is now posted on the agency's web site.

The Service is also accepting public comment on the proposed rule to list the Lesser Prairie-Chicken as threatened under the ESA. The proposed special rule would exempt incidental take to routine agricultural practices on existing cultivated lands and to activities conducted by landowners participating in the Natural Resource Conservation Service's Lesser Prairie-Chicken Initiative. The Service must publish a final listing determination for the Lesser Prairie-Chicken no later than March 31, 2014.

TCFA has previously submitted comments urging the USFWS to submit a final determination that listing the Lesser Prairie-Chicken as threatened under the ESA is not warranted. More information about TCFA's comments is available in the Jan. 17, 2014, edition of the *Newsletter*. For more information, visit the Service's Southwest Region's website at www.fws.gov/southwest/.

Phase II Animal Disease Surveillance Project Kicked Off

After successful piloting in four states – Arizona, Colorado, New Mexico and Texas – the Enhanced Passive Surveillance (EPS) system will be piloted in all major animal industries and at least 15 states over the next three years, according to *Bovine Veterinarian*.

The EPS system is designed to provide early detection of potential disease outbreaks or changes in animal health status. The system currently captures animal health information on both healthy and sick animals from mixed-animal, poultry and equine veterinarians in real-time through the use of mobile technologies. The information is then organized into an easy-to-use computer display for monitoring and analysis, where it is integrated with data from veterinary diagnostic laboratories, wildlife biologists and livestock markets.

During a disease outbreak, the system could provide timely surveillance information to emergency managers, state animal health officials and veterinarians, allowing them to respond to situations as they develop. In addition, documenting the number of animals observed or examined by veterinarians for clinical signs compatible with certain endemic and high consequence animal diseases, and documenting healthy animals, will assist USDA in identifying geographic areas that are absent of a disease event during an outbreak to assist in demonstrating disease freedom to U.S. trading partners.

For more, go to <http://tinyurl.com/colorado-surveillance-proj>.

Spring Thaw to Briefly Relieve Hot U.S. Beef Prices

Already pricey beef at grocery stores is expected to become even more expensive in February, *Reuters* reports, as wholesale beef and cattle prices are at all-time highs this winter in the U.S., fueled by a tight supply of cattle. With the U.S. cattle herd already at a 61-year low of 89 million head, supplies tightened further as waves of unusually cold weather slowed cattle weight gains and delayed the movement of livestock from feedyards to slaughterhouses.

Consumers should catch a brief break once arctic temperatures ease and warmer spring weather allow cattle to put on weight more easily and get to market quicker. Packing plants also are expected to lower the price that they charge grocers for beef in the face of a brewing pushback against high prices, economists said.

Despite some short-term price relief, economists forecast beef prices to hover around record highs for at least two more years. For more, go to <http://tinyurl.com/spring-thaw-beef-prices>.

Hay Prices May Head Higher as Drought Continues

"Most of the U.S. pastureland has rebounded quite well from the drought and showed marked improvement from the year before. Prices of hay have not receded as much as was originally thought, and the revision to production data does help explain some of the price strength," say analysts with the Livestock Marketing Information Center (LMIC) in reference to the 6 percent year-to-year yield reduction in the annual report. Though acreage increased 3 percent, reduced yield made for 3 percent less production overall.

"Another problem brewing on the feed front is with respect to California," LMIC analysts say. "The latest drought monitor indicated 90 percent of California is in Severe to Extreme drought categories, including the San Joaquin Valley where a large portion of dairy alfalfa is produced. Alfalfa prices have likely already hit the bottom for the year and will likely move higher if California needs to draw hay from other regions."

New Hampshire House of Representatives Deny GMO Labeling Bill

The New Hampshire House of Representatives voted to deny a bill that would have required foods containing genetically modified organisms (GMO) to be labeled throughout the state.

Critics of the bill, which was voted down 185-162, said the federal Food and Drug Administration has not mandated the labeling because it determined the foods are safe.

New Hampshire is the latest state to discuss legislation to label foods containing GMO's following high profile ballot initiatives in other states, such as California and Washington.

Holiday Beef Promotion Sizzled

Over the holidays, the Texas Beef Council (TBC) launched an online beef roasting campaign in efforts to keep beef top of mind during the holiday season. The all-digital campaign included Facebook, Beef Loving Texans blog and YouTube content to increase engagement and conversation online around holiday roasting.

Throughout the holiday roasting campaign, online consumers learned about roasting preparation, cooking tips and much more through informative photo and videos posts. A total of 159 unique mentions were seen across all social channels, which resulted in 156,264 impressions. During this period, an 18 percent rise in user conversation on Facebook was noted, with a majority of users sharing the holiday roasting tips.

Knowing and understanding our consumer helps the industry better focus our efforts in reaching the right audience with the right message, according to TBC. Checkoff-funded market research has shown the industry our target audience is the older millennial generation. Millennials (the generation born from 1980 to 2000, which is now aged 33 at the elder end, to 14 at the younger end) are the largest and most connected generation ever and will make beef-buying decisions for the next 40-plus years.

It's estimated that by 2020, their spending will hit \$1.4 trillion dollars per year. Unlike the Baby Boomers, they are engaged in the digital media and are more likely to share their experience widely, especially through social networks. To enhance millennials' perception of beef and drive them to more beef purchases, there will be a greater emphasis on reaching them through digital communications.

Cattle Outlook Webinar Scheduled for February

You're invited to an upcoming webinar at 1:30 p.m. CST on Feb. 11 that will provide a broad economic outlook for the beef and cattle market in 2014; key take-aways from today's Cattle Inventory Report; and the anticipated impact on beef demand as retail beef supplies shrink.

Cost for the webinar, which features Dr. Glynn Tonsor of Kansas State University, is \$25. For registration information, go to <http://tinyurl.com/beef-cattle-eco-webinar>.

Dollars and Sense of Water Conservation Symposium

The 2nd Biennial Texas Panhandle-High Plains Water Conservation Symposium will be held Feb. 12 from 8:30 a.m. to 4:30 p.m. at the Amarillo Civic Center. Join local, state and national speakers as they discuss economic impacts of water conservation. Register online at <http://tinyurl.com/reg-water-symp>, and find the program invitation at <http://tinyurl.com/water-symp-invite>. TCFA is a sponsor of the symposium.

TALL Program Seeking Applicants

The Texas Agriculture Lifetime Leadership (TALL) program is a two-year leadership development program managed by the Texas A&M AgriLife Extension Service. Applications for the newest class are due March 15. Application forms are online at <http://tall.tamu.edu>.

"Texas agriculture has a need for individuals who can lead our industry as it faces new and unique challenges. These individuals will provide the leadership, insight and direction to ensure agricultural viability for the future," said Dr. Jim Mazurkiewicz, AgriLife Extension leadership program director.

Super Bowl Features Romance on the Ranch

In the first quarter of Sunday's Super Bowl, Chevrolet will debut its 60-second commercial for their Silverado HD trucks with a video that introduces a cowboy in the process of picking up a new Hereford bull described as "a very eligible bachelor." Music from the 1970s hit, "You Sexy Thing," plays over the video the moment the bull and heifers appear to have discovered love at first sight, reports *Beef Today's Grazing the Net*.

Watch the ad at <http://tinyurl.com/super-bowl-romance-on-ranch>, which is a huge investment for Chevy. This year, a 30-second spot sells for a cool \$4 million, and average production costs are about \$1 million.

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