



TEXAS CATTLE FEEDERS ASSOCIATION

NEWSLETTER

5501 I-40 W. • AMARILLO, TEXAS • PHONE (806) 358-3681 • www.tcfa.org • info@tcfa.org

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EPA and Army Corps Proposal Expands Clean Water Act Jurisdiction

EPA and the Army Corp of Engineers (Corps) proposed an expansion of their federal authority over “waters of the United States” this week and NCBA and TCFA are deeply concerned by this vast overreach by the EPA and the Obama Administration. Under this expansion, essentially all waters in the country would be subject to regulation by the EPA and the Corps, regardless of size or continuity of flow.

“This is a step too far, even by an agency and an administration notorious for over-regulation,” said NCBA President Bob McCan. “This proposal by EPA and the Corps would require cattlemen like me to obtain costly and burdensome permits to take care of everyday chores like moving cattle across a wet pasture or cleaning out a dugout. These permits will stifle economic growth and inhibit future prosperity without a corresponding environmental benefit. This proposed regulation and the burdensome federal permitting scheme will only hinder producers’ ability to undertake necessary tasks and, in turn, result in an exodus of ranchers from the field.”

Almost all activities on open land will now touch a “water of the United States” under the expanded definition. For the first time, ditches are included in the definition of a “tributary” and now will come under federal jurisdiction. Activities near a jurisdictional ditch will now require a federal permit. Many cattle operations will be required to get Sec. 402 National Pollutant Discharge Elimination System (NPDES) permits, Sec. 404 Dredge and Fill permits or Sec. 311 Spill Prevention Control, and Countermeasure (SPCC) spill plans.

The proposal will be open for public comment for 90 days. NCBA and TCFA will submit comments on behalf of the over 175,000 producers it represents.

Feedlot Placements Change Timing of Fed Cattle

“Feedlots have placed more cattle four of the past five months, resulting in nearly 600,000 more head of cattle placed compared to the same period one year ago,” says Derrell Peel, Extension livestock marketing specialist at Oklahoma State University. In his weekly market comments, Peel reflected on the 15 percent increase in February placements compared to last year.

[Ed. Note: The February placement number was 1 percent above the five-year average of February placements, and the February 2013 placement number was the smallest for the month of February since 1994.]

“Relatively large placements in January and February have pushed the March 1 feedlot inventory to an unusual March seasonal peak,” Peel explains. “The normal March increase in feedlot marketings and likely smaller year-over-year March placements are almost sure to result in a lower April 1 feedlot inventory. This late peak in feedlot inventories could suggest either a late peak in marketings or some bunching of cattle into the seasonal peak of marketings and slaughter.”

Out of the past 18 years, Peel explains peak fed cattle marketings have occurred four times in May, nine times in June, and five times in July, according to *Cattle Current*.

“Based on the placement weights, it does not appear that the late March peak in feedlot inventories will result in a late peak in marketings,” Peel says. “In fact, my current projections suggest that May marketings will be seasonally strong and may be as large or larger than June marketings. It should be noted over half of the large increase in February placements were cattle under 700 pounds that will not be marketed until late summer.”

Check Out Your Checkoff

The Texas Beef Checkoff partnered with the American Heart Association (AHA) to share with consumers the many ways beef can be part of a heart-healthy diet. The Texas Beef Council (TBC) celebrated the year-long partnership by showcasing heart-healthy lean beef at Go Red for Women Luncheons in major Texas markets.

This year, TBC sponsored and attended Go Red for Women Luncheons in Austin, Dallas, Fort Worth, San Antonio, and will be involved in the upcoming Houston luncheon. TBC also partnered with TCFA to participate in the Amarillo luncheon. To date, more than 3,500 attendees have received beef nutrition information and enjoyed a lean beef meal at the luncheons.

“The beef industry has made significant strides when it comes to producing a wholesome and nutritious product that fits into a heart-healthy diet and lifestyle,” said Dr. Dick Sherron, Texas physician, cattleman and TBC board member. “Working with leading health organizations like AHA to help educate consumers about our nutritious and healthful product continues to be a focus of the beef checkoff in Texas.”

Lesser Prairie-Chicken Listed as Threatened Species – Habitat Hits 3.6 Million Acres

The U.S. Fish and Wildlife Service (USFWS) announced March 27 the final listing of the Lesser Prairie-Chicken as threatened under the Endangered Species Act (ESA), as well as a final special rule under section 4(d) of the ESA that will limit regulatory impacts on landowners and businesses from this listing.

In recognition of the significant efforts of states and landowners to conserve the species, this unprecedented use of a special 4(d) rule will allow the five range states of Colorado, Kansas, New Mexico, Oklahoma and Texas to continue to manage conservation efforts for the bird and avoid further regulation of business.

Prior to the USFWS’s announcement of the final listing of the species, 32 private companies in the five range states representing oil and gas, pipelines, electric transmission and wind energy committed to enroll more than 3.6 million acres in the Western Association of Fish and Wildlife Agencies’ (WAFWA) Lesser Prairie-Chicken Range-Wide Conservation Plan, providing about \$21 million for habitat conservation over three years.

“The range-wide plan represents more than a pathway to mitigate industry impacts,” said Bill Van Pelt, WAFWA grassland coordinator. “It also serves as a way to unify all existing lesser prairie-chicken programs under a common set of goals to conserve the species. Each of those programs has been successful in its own right.”

Complementing the range-wide plan, Landowner Candidate Conservation Agreements with Assurances (CCAA) offer legal assurances for farmers and ranchers in New Mexico, Texas and Oklahoma. These cover a total of nearly 2.3 million acres across the three states. Landowners in Colorado and Kansas, who do not have access to a ranching CCAA, can enroll their lands under the range-wide plan and receive the same assurances.

Find more information at <http://wafwa.org>.

PEDv Will Cause Significant Two-Year Shortfall in North American Hog Market

Thus far, PEDv has impacted about 60 percent of the U.S. breeding herd, 28 percent of the Mexican herd and is beginning to develop in Canada. If PEDv spreads in Canada and Mexico at the pace seen in the U.S., the North American hog slaughter could decline by nearly 18.5 million hogs over 2014 and 2015, or 12.5 percent relative to 2013 levels, according to a report by the Rabobank’s Food & Agribusiness Research and Advisory team. Overall, U.S. pork production is anticipated to decline 6 to 7 percent in 2014, the most in more than 30 years.

“In the U.S., we see the outbreak of PEDv causing a significant shortfall in the availability of market hogs in 2014 – to the tune of 12.5 million hogs or 11 percent of annual slaughter,” explained Rabobank Analyst William Sawyer. “Given the ever rising number of PEDv cases reported, coupled with a six-month average lifecycle, the months of August through October are likely to be the tightest for processors, where slaughter could decline by 15 to 25 percent against 2013 levels. If the virus continues at its current rate, the shortfall to U.S. slaughter in 2014 could be as much as 15 million hogs.”

U.S. beef production is forecast to decline by nearly 6 percent in 2014 and, coupled with Rabobank’s estimate of 6 to 7 percent less pork production, this implies an exceptional opportunity for the U.S. chicken industry as the protein of last resort. U.S. chicken production would have to rise by 8 to 9 percent to offset the shortfall from beef and pork, but a limited breeder flock and continued high demand for fertilized eggs from Mexico will keep supply growth restrained. As a result, Rabobank expect chicken prices and margins to climb this spring and summer, yielding a very favorable year for the U.S. chicken industry.

Smaller Beef Checkoff Board Proposed by USDA

USDA’s Agricultural Marketing Service (AMS) is proposing to reapportion membership on the Cattlemen’s Beef Promotion and Research Board from 103 to 99 members. The law authorizing the board requires the board’s size to change with shifts in cattle inventory levels, according to *Feedstuffs*.

This decrease is due to changes in cattle inventories since the last board reapportionment in 2011. Under the proposal, domestic cattle producer representation on the board would decrease from 96 to 93, with Texas losing two members and New Mexico losing one. Importer representation would decrease from seven to six. The decrease is based on requirements of the Beef Promotion and Research Order, authorized by the Beef Promotion and Research Act of 1985.

A state or unit must have an inventory of 500,000 head of cattle to be represented on the board and is entitled to an additional member for each additional 1,000,000 head of cattle. The revised representation would be effective with nominations in 2014 for appointments effective early in the year 2015. Details of the proposed changes were published in the March 25, 2014 *Federal Register*. TCFA will file comments proposing that USDA

postpone the adjustment due to the drought. Comments may be submitted online at www.regulations.gov. To read more, go to <http://tinyurl.com/smaller-co-board>.

Consumer Confidence Increases in March

The Conference Board Consumer Confidence Index[®] increased to 82.3 in March, up from a February reading of 78.3, according to *Cattle Current*. “Consumer confidence improved in March, as expectations for the short-term outlook bounced back from February’s decline,” says Lynn Franco, director of economic indicators at The Conference Board. “While consumers were moderately more upbeat about future job prospects and the overall economy, they were less optimistic about income growth. The Present Situation Index, which had been on an upward trend for the past four months, was relatively unchanged in March. Overall, consumers expect the economy to continue improving and believe it may even pick up a little steam in the months ahead.”

Major Meat Groups to Merge

The North American Meat Association (NAMA) last week voted to merge with the American Meat Institute (AMI). The Board approved an agreement and plan of merger that, assuming AMI members also vote to merge, will become effective Jan. 1, 2015.

“We’re excited to have this opportunity to form a new industry organization,” said NAMA Co-President Tony Gahn, Jr., third-generation owner at Gahn Meat Co., Inc. He and NAMA Co-President Mike Hesse, Director of Sales at Beef Products, Inc., serve on the joint merger committee. “The time has come for the industry to speak with one voice,” said Hesse.

Meanwhile, the American Meat Institute (AMI) welcomed news that the North American Meat Association (NAMA) Board of Directors voted to proceed with a merger. AMI’s members will vote on the merger in April.

Cold Storage Report Termed Bullish

USDA’s monthly Cold Storage report released last Friday appears to be bullish for beef and pork and neutral for chicken, according to the *Daily Livestock Report (DLR)* economists.

“The bullish conclusion for pork is based more on the numbers falling short of lofty expectations than on the numbers themselves, as many believed the market was “stocking up” in anticipation of PEDv-shortened supplies this summer,” according to *DLR*. “And that may well be true but we aren’t sure it was true in February. The stockpiling – and we believe there has been some – has occurred since March 1 and would not show up in these numbers which indicate that total pork stocks were 5.7 percent larger than on January 31 and 3.2 percent larger than one year ago. Bellies stocks were steady for the month but remain large versus recent historically and more than double last year’s level.”

Frozen beef inventories tightened during February and are 17 percent lower than last year. “Neither of those are any surprise given the tight supply of fed cattle and lower cow slaughter. In addition, high beef prices have drawn product out of frozen inventories with sellers likely hoping for lower prices from May onward as those year-on-year increases in feedlot placements begin to increase fed cattle numbers,” they say.

Chicken inventories, at 676.9 million pounds, were down 2.3 percent from last month but were still 3.7 percent higher than one year ago. For more, go to <http://tinyurl.com/dlr-3-24-14>.

Latest Farm Futures Survey Confirms Shift from Corn to Soybeans

Major shifts in acreage first noted last summer by *Farm Futures* magazine appear to be holding as farmers make final plans for spring plantings. The magazine’s latest survey of farmers shows they intend to boost soybean seedings more than earlier estimates, while cutting back corn ground.

Farm Futures estimates 2014 soybean intentions at a record 82.93 million acres, easily an all-time high. If achieved, seedings would be up 8.4 percent over last year’s total, which was cut by wet conditions last spring. All key states showed increases, with some of the biggest shifts possible in Illinois, where farmers pushed corn-on-corn in recent years to capture profits from the ethanol boom.

Though projected profits for both crops are lower this year, prices favor soybeans, making it easier for farmers to shift ground and improve crop rotations.

Corn planting intentions could fall to 92.06 million acres, down 3.5 percent from last year’s lower than expected total, when farmers failed to put in more than 3.5 million acres of corn due to wet, cold conditions. Still, that would be the fourth largest acreage since 1944 if achieved. For more, go to www.farmfutures.com.

MorganMyers Launches Digital Food IQ Quiz

To help recognize National Agriculture Day, which was celebrated on Wednesday this week, MorganMyers has launched a digital Food IQ Quiz (<http://tinyurl.com/food-iq>) designed to raise awareness of some interesting information surrounding food and agriculture. MorganMyers is an ag public relations and advertising agency.

National Agriculture Day is a time when producers, agricultural associations, corporations, universities, government agencies and countless others across America gather to recognize and celebrate the many good things that American agriculture provides and accomplishes. National Ag Day is organized by the Agriculture Council of America (ACA).

Center for Food Integrity Launches Website with Food Facts for Consumers

Websites looking to help answer consumers' questions about food now have access to a new widget from www.BestFoodFacts.org that allows readers to submit questions from their sites directly to experts who provide credible and balanced information. The site features more than 150 university-based food system experts who have done the research and provide unbiased answers in blogs, infographics, podcasts and videos.

Created by The Center for Food Integrity, a not-for-profit organization whose mission is to build consumer trust and confidence in today's food system, Best Food Facts aggressively tracks trending topics and solicits questions from readers, providing prompt expert feedback on issues in the news. Anyone can submit questions and receive expert responses within as few as 24 hours.

New Documentary Feature "Farmland" to Hit Theaters

Academy Award®-winning filmmaker James Moll's new feature length documentary, "Farmland," will be released nationally May 1, 2014 and will be carried in many major independent theaters and theater chains.

Farmland offers viewers an intimate and firsthand glimpse into the lives of six young farmers and ranchers across the U.S., chronicling their high-risk/high-reward jobs and their passion for a way of life that has been passed down from generation to generation, yet continues to evolve.

"In 'Farmland,' audiences will hear thoughts and opinions about agriculture, but not from me, and not from a narrator," Moll says about his film. "They're from the mouths of the farmers and ranchers themselves."

Visit www.FarmlandFilm.com to locate a theatre near you where "Farmland" will be screening, as well as additional information about the film and to watch the trailer.

James Henderson Recognized at HLSR Intercollegiate Meats Judging Contest Awards Ceremony

James Henderson, owner of Bradley 3 Ranch in Memphis and Clarendon, was honored at the Houston Livestock Show and Rodeo (HLSR) Intercollegiate Meats Judging Contest for his years of service with the contest. HLSR named its senior division traveling trophy the "James Henderson Award," as he was instrumental in starting the HLSR Intercollegiate Meats Contest 35 years ago and has served as its Superintendent for 32 years.

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