



TEXAS CATTLE FEEDERS ASSOCIATION

NEWSLETTER

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

Volume 48, Number 16

April 18, 2014

Vote Yes for the New Texas Beef Checkoff

The TCFA Board of Directors supports the new \$1-per head Texas Beef Checkoff and respectfully requests TCFA members in Texas join them in voting yes in the referendum June 2 – 6 for the following reasons:

- The funds will be controlled and invested by Texas cattle producers serving on the Beef Promotion and Research Council of Texas (same members as the Texas Beef Council).
- The program will complement and extend current research, promotion and education programs of the Texas Beef Council. The funds can be invested in Texas, the U.S. or international programs, whichever will provide the most return on our investment.
- Competing beef producers in Australia invest \$5-per-head.
- Today's value of the current checkoff dollar, compared to 1985, is 44 cents.
- We face more adversity today from aggressive anti-meat activists with misleading claims about nutrition, beef safety and animal care than perhaps any time in history.
- The new state checkoff is refundable. Please let those of us that want to invest in our future do so.

Texas producers can vote in person beginning June 2 through June 6 at any Texas A&M AgriLife Extension Service county office during regular business hours. If an eligible producer is unable to vote in person, a mail-in ballot may be requested from the Texas Department of Agriculture between May 19 and June 2, 2014, and postmarked no later than close of business Friday, June 6, 2014.

For more information, contact a TCFA board or staff member, or go to www.texasbeefcheckoff.com.

2014 Fed Beef Challenge

The 2014 Fed Beef Challenge was a huge success, thanks to the outstanding participation of member feedyards from across Cattle Feeding Country. Excitement filled the Amarillo Livestock Auction Wednesday as 50 pens competed in this year's contest, the highest level of participation in over a decade. Additionally, this was the first year for the Holstein steer division, in which there were seven pens entered.

Individuals traveled from all over to view the best fed cattle around and to participate in the live evaluation contest. They stayed to witness and partake in the TCFA Education Foundation Calcutta. Through the generous support of member feedyards, Allied Industry representatives and TCFA supporters, over \$20,000 was raised in the calcutta, which is used to award scholarships to students who are the future of the industry.

Everyone then celebrated another Fed Beef Challenge in the books with the traditional steak dinner, sponsored by the TCFA Allied Industries Committee. Watch future *Newsletters* and the TCFA website to see the winners of the contest. For now, catch a glimpse of some of the action through pictures on TCFA's Facebook page at www.facebook.com/texasattlefeedersassociation or via Twitter [@TxCattleFeeders](https://twitter.com/TxCattleFeeders).

USDA Helps Open and Expand Export Markets for U.S. Agriculture Through 2014 Farm Bill Programs

Agriculture Secretary Tom Vilsack announced Wednesday that the USDA Foreign Agricultural Service (FAS) awarded funding to more than 60 U.S. agricultural organizations to help expand commercial export markets for American products. The funding was made available through the 2014 Farm Bill. USDA began accepting applications for 2015 export development program funding on April 17, 2014.

"Now that Congress has passed the Farm Bill, USDA is moving quickly to implement our trade promotion programs to help open and expand opportunities for farmers, ranchers and small businesses and build on the past five years of record agricultural exports," said Vilsack. "These programs are an important investment in rural America. Every dollar we invest in trade promotion provides \$35 in economic benefits."

Through the Market Access Program (MAP), FAS partners with U.S. agricultural trade associations, cooperatives, state regional trade groups and small businesses to share the costs of overseas marketing and promotional activities that help build commercial export markets for U.S. agricultural products and

commodities. The program, which focuses on consumer promotion, including brand promotion for small companies and cooperatives, is used extensively by organizations promoting fruits, vegetables, nuts, processed products, and bulk and intermediate commodities. Through MAP, FAS will provide \$171.8 million to 62 nonprofit organizations and cooperatives. Participants contribute an average 171-percent match for generic marketing and promotion activities and a dollar-for-dollar match for promotion of branded products by small businesses and cooperatives.

The Foreign Market Development (FMD) Program focuses on trade servicing and trade capacity building by helping to create, expand and maintain long-term export markets for U.S. agricultural products. Under FMD, FAS will allocate \$24.6 million to 22 trade organizations that represent U.S. agricultural producers. FAS partners with U.S. agricultural producers and processors, who are represented by non-profit commodity or trade associations called cooperators. The organizations, which on average contribute nearly triple the amount they receive in federal resources, will conduct activities that help maintain or increase the demand for U.S. agricultural commodities overseas. Find the more details at <http://tinyurl.com/usda-expands-export>.

U.S. Beef Export Sales Continue to Break Market Year Highs

U.S. beef export shipments continue to trend up, moving 3 percent higher than the previous week to 12,700 metric tons (MT). The increase did not impact the 4-week average, but dropped the 27-week average slightly to 13,183 MT, according to *Drovers-CattleNetwork*.

The primary destination continues to be Japan, bringing in 3,700 MT, the same amount from the previous week. Other destinations include South Korea (2,300 MT), Hong Kong (2,200 MT), Mexico (2,100 MT) and Canada (900 MT). Beef export sales continue to break marketing-year high records, with net sales of 21,900 MT. The 3,400 MT increase from the previous week moves the 4-week average up 42 percent and the 27-week average to 14,462 MT.

After Hong Kong was the leader in purchases in the prior week, Japan is back to being the leader with 7,800 MT, doubled from their previous purchase. Other primary purchases were made by Mexico (3,800 MT), South Korea (3,500 MT), Hong Kong (2,400 MT) and Canada (1,500 MT). Read the article at <http://tinyurl.com/market-yr-highs>.

Meanwhile, Cattle Imports Are Forecast to Rise. U.S. cattle imports totaled 364,804 head through February 2014, about even with a year earlier. Imports from Canada were up 7 percent, while imports from Mexico have fallen 6 percent. Imports of slaughter cattle from Canada were unchanged from 2013, but feeder cattle imports have increased 12 percent this year.

Demand from U.S. buyers has been strong as feeder cattle prices in Canada have lagged strong growth in U.S. prices. AMS weekly data through March 29, 2014, show cattle imports at 19 percent above year-earlier levels. Due to stronger shipments from Canada, the forecast for total 2014 cattle imports was raised by 20,000 to 1.97 million head. The forecast implies a 3-percent decline in cattle imports from 2013 as inventories have fallen in both Canada and Mexico.

The Jan. 1, 2014, Canadian cattle inventory indicated a year-over-year decline of 0.7 percent. While the number of beef replacement heifers has increased for the past 4 years, the beef cow herd declined 0.8 percent in 2013. Read the full report at <http://tinyurl.com/imports-raise>.

“Farmland” Confirmed for Theatrical Run

Academy Award®-winning filmmaker James Moll’s new feature length documentary, “Farmland,” will be released nationally May 1, 2014. The film will be distributed via D&E Entertainment in more than 60 major markets. Numerous national exhibitors will be carrying the film including: Regal Cinemas, Marcus Theatres, Carmike Cinemas, Landmark Theatres and many key independent theaters. The film premiered yesterday at a private screening in New York during the 2014 Tribeca Film Festival.

“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, yet highly rewarding, jobs and their passion for a way of life that has been passed down from generation to generation.

“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. “Farmland” was produced by Moll’s Allentown Productions, with generous support from the U.S. Farmers & Ranchers Alliance® (USFRA®).

Organic Claims in Restaurants Decline

The “organic” claim is still the leading ethical claim on restaurant menus, but its use has declined 28 percent between fourth-quarter 2010-2013, reported by the research firm Mintel in a *Meatingplace* article.

“The reality is that organic foods are quite expensive, and consumers are looking for alternative claims to help them determine what other types of menu items are safe and of good quality to eat. Tying into this, we are seeing a return to tried-and-true, traditional preparations, signaled by claims tied to classic, original, homemade, etc.,” Julia Gallo-Torres, foodservice category manager, said in a news release.

Meanwhile, claims like “gluten free” are appearing more frequently on restaurant menus, posting a 200 percent increase between Q4 2010-2013, and accounting for 40 percent of the total growth in ingredient nutritional claims on the menu during the same time period. The biggest growth in ingredient claims came from nutritional claims (up 14 percent) and geographic claims (up 12 percent).

“The number of allergen-related claims will continue to gain momentum, as more people are officially diagnosed with specific allergies and their families also go on restricted diets to help keep them healthy. Leaning towards health, there also is a surge in vegetarian and vegan foods. People also want to know where their foods are coming from. Consumers will continue to look to menus for guidance on what to eat,” Gallo-Torres said. Find more at <http://tinyurl.com/organic-claims>.

Weather to Drive Cattle Inventory Dynamics

Cattle and beef dynamics will depend on precipitation patterns during the remainder of the year, according to the USDA *Livestock, Dairy and Poultry Outlook* for April 2014.

Commercial cow slaughter for first-quarter 2014 is on track to be the lowest since 2008 and is indicative of both low cow inventories and intentions to retain or increase cow inventories as soon as pasture conditions permit. If pasture conditions fail to develop normally, the rate of cow slaughter could again increase, which could delay any expansionary intentions.

First-quarter commercial steer and heifer slaughter is on track to be the lowest since 1965. First-quarter beef production will likely be the lowest only since 2005, because dressed weights have increased over time and have largely offset general declines in inventories and slaughter since their peak in the mid-1970s. Weekly prices for 90-percent lean cow carcasses continue to increase as weekly federally inspected cow slaughter declines year over year.

Feeder cattle prices could decline slightly in the near future as demand for pasture cattle subsides with stocking of available pasture. However, anticipation of the smallest calf crops since 1949 will provide significant price support for the limited supplies of feeder cattle later in 2014 and 2015. At the same time, fed cattle and beef prices may have reached their seasonal peaks. Any declines would diminish price support for heavier feeder cattle despite dwindling supplies.

With costs in the \$129 to \$130 range and fed cattle prices gyrating around \$150 per cwt, cattle feeders could be experiencing positive margins exceeding \$200 per head. However, fed cattle prices could decline into the summer if they follow a typical seasonal pattern. This is especially likely with the record December 2013-to-February 2014 placements of cattle weighing over 800 pounds in feedlots of 1,000 head or more since the series began. These cattle could create a bulge in market ready supplies of fed cattle this summer, which could exert downward pressure on fed cattle prices. Read the full report at <http://tinyurl.com/april-outlook>.

Corn Procurement Strategies for Cattle Feeders

Last fall’s record-large 13.925 billion bushel corn crop drove prices down and helped restore profitability and optimism to the cattle feeding sector at the beginning of the year. However, contrary to the hopes of cattle feeders and many grain market analysts’ expectations, Darrell Mark, Adjunct Professor of Economics at South Dakota State University, says in an article by *Drovers-CattleNetwork* that the corn market has rallied, rising about \$0.80 per bushel since early January. Following a \$0.80 per bushel rally, he said an appropriate option to consider is some type of risk management strategy to protect against further corn price increases.

While locking in the next two to three months of corn feed needs with cash forward contracts is a reasonable strategy, buyers do not need to hurry into locking in flat prices at this point. Mark says that because so much corn is being held in on-farm storage, there is a lot of corn that needs to be sold and shipped yet, as farmers clean out storage in preparation for the 2014 crop.

“As that cash movement occurs, basis is likely to weaken considerably,” he says. “Therefore, a futures or options strategy that protects against higher price levels while leaving the long hedger open to the weaker basis may be preferable.”

He adds that in contrast to recent years, physical procurement of corn in the next few months shouldn't be much of a concern. "Unless the possibility of significant damage to new-crop corn production becomes a reality this summer, corn prices could ultimately decrease by mid-summer following additional strength early in the growing season," he says. "Whether or not a cattle feeder needs corn price protection depends upon their feeding budgets, physical supply of corn and other factors. But, it does appear that in the next couple of months, the corn market will be more risky than what we expected it to be last winter."

Read the full article at <http://tinyurl.com/corn-strategy>.

AMI to Merge with North American Meat Association

American Meat Institute (AMI) general members voted unanimously Wednesday to proceed with a merger with the North American Meat Association (NAMA). According to *Meatingplace*, the vote occurred during a special meeting of the AMI membership and is the last step in finalizing a merger, slated to occur Jan. 1, 2015. AMI's Board voted April 2 to proceed with the merger, and NAMA's Board also voted in favor of the merger March 22.

"The General Membership's unanimous vote today makes possible the formation of a new and stronger organization, well-positioned to meet the challenges of the future," AMI Chairman Greg Benedict, chief operating officer and president of American Foods Group, who serves on the merger committee, said in a news release. "Our two organizations now will create a transition committee to begin the process of merging our two organizations' operations and governing structure. This is a positive development and one that stands to serve our industry well." Find the article at <http://tinyurl.com/ami-nama>.

EPA Publishes Annual Greenhouse Gas Inventory

The 19th edition of the annual Environmental Protection Agency (EPA) *Inventory of U.S. Greenhouse Gas Emissions and Sinks (Inventory)* showed a 3.4 percent decrease in greenhouse gas (GHG) emissions in 2012 compared to 2011, reports *Drovers-CattleNetwork*. The report provides an overview of GHG emissions in the United States since 1990 and shows a 10 percent decrease in emissions in 2012 compared to 2005 levels.

With regard to beef cattle, emissions increased just 0.6 percent from 1990 to 2012. The report found that while emissions increased slightly, the cattle population dropped 5 percent, but production increased 14 percent. Likewise, while dairy emissions increased 6 percent, the population declined by 2 percent, but milk production increased 36 percent, indicating that emission factors per unit of product are decreasing.

Manure management was the other primary contributor to methane emissions, contributing 9.4 percent. According to the report, emissions from manure increased 68 percent from 1990 to 2012, with the majority of the increase coming from swine and dairy cow manure. However, from 2011 to 2012, there was only a 1.7 percent increase in methane emissions from manure, due partly to the effects of manure management systems. Find more information at <http://tinyurl.com/epa-ghg-inventory>.

Check Out Your Checkoff

The Texas BEEF Team was out in full force throughout March making appearances in Houston, College Station, Bastrop, The Woodlands, Gonzales, Stonewall, San Antonio, Dallas and Seabrook. The team is a community of runners, triathletes and cyclists who recognize the nutritional benefits of lean beef and the vital role high-quality protein plays in their training. More than 260 runners, cyclists and triathletes proudly wore their "Fueled by Beef" jerseys and were visible advocates for the beef community. There are currently more than 1,000 members on the Texas BEEF Team.

Grain Grading Workshops

Two, one-day, grain-grading workshops will be hosted on May 6 and May 7 at the Texas A&M AgriLife Research and Extension Center in Amarillo. The event is sponsored by TCFA and Panhandle Grain and Feed Association. Each workshop begins with registration at 8:30 a.m., followed by the program from 9:00 a.m. to 4:30 p.m. A registration fee of \$70 per person is required to cover the costs associated with instruction, lunch, materials and equipment. Pre-registration is required, as each workshop is limited to 60 participants. The registration deadline is Friday, May 2. Register online today at <http://tinyurl.com/reg-grain-grading>. View the brochure at <http://tinyurl.com/gg-brochure>, or contact Steve Amosson at samosson@ag.tamu.edu.

This copyrighted material is the property of TCFA and is intended for the use of TCFA members only. It may not be redistributed, transmitted, stored or reproduced, in whole or in part, without the prior written consent of TCFA. The information contained in this material is believed to be reliable and correct, and the views expressed reflect judgments at this time and are subject to change without notice. TCFA does not warrant or guarantee that the information is complete, comprehensive or accurate and it should not be relied upon as such.