

Subscribe to our weekly dairy or livestock email newsletter at CapitalPress.com/newsletters

Livestock

Rabobank expects global beef, cattle prices to move lower

By CAROL RYAN DUMAS
Capital Press

Many regions around the world are experiencing high prices for beef or cattle, leaving analysts at Rabobank to question whether that will ultimately force overseas prices to drop.

While there are some common factors, such as strong demand from China, local drivers — herd rebuilding in Australia and a re-opening of foodservice in the U.S. — are arguably more important in causing the record prices, the analysts said in their latest “Beef Quarterly” report.

They expect many of those local factors to eventually correct and cause an adjustment in prices.

“However, with China’s demand expected to remain firm, we also believe that the market has seen a fundamental step up,” they said.

They also warned that the global beef supply is so tight that any local disruptions — such as droughts or



Tyson Foods

Workers process beef at the Tyson Foods plant in Pasco, Wash.

an increase in consumer demand — now have the potential to exert a much more dramatic impact on global trade.

In the U.S., renewed competition between foodservice and retail, combined with grilling season, all-

time high consumer income and savings and strong exports have put the U.S. beef sector in a demand-driven market.

Beef prices in April were 18.5% higher at wholesale and 11.5% higher at retail compared to April

2019. Beef production January through April was up 6% compared with the same period in 2019.

“Unfortunately for cattle producers, the imbalance between fed cattle and operational packing capacity has prevented high beef prices from filtering through to cattle prices,” the analysts said.

Despite record-strong beef demand, cattle prices have been depressed throughout the pandemic. Both domestic and export beef markets continue to be exceptional, but fed cattle prices continue to be a huge disappointment, they said.

The analysts estimate fed cattle supplies have averaged 120% of operational packing capacity since April 2020, and current fed cattle prices are about 41% of beef cutout values.

The insufficient slaughter capacity is further hamstrung by a labor shortage, restricted productivity at plants due to COVID-19 protocols

and larger-than-normal slowdowns due to weather and plant maintenance, the analysts said.

They expect wholesale beef prices to moderate in the near future as the peak of grilling season purchases subside, restaurant supply chains are filled and consumer stimulus money is spent or reallocated. But cutout prices could remain 5% to 10% above pre-pandemic levels for much of 2021.

If fed cattle supplies can fall back under packing capacity constraints in the third quarter, cattle producers will get a larger share of the beef dollar throughout the second half of this year, they said.

Year to date, beef cow slaughter is up 2.5% from a year earlier. Continued drought across the West, rapidly escalating feed costs and tight hay supplies are forcing cow slaughter.

“Despite increased feed costs, demand for replacement cattle remains stronger than earlier expected,” they said.

USDA will reconsider its organic livestock standards

By CAROL RYAN DUMAS
Capital Press

USDA Secretary Tom Vilsack announced on June 17 the agency will reconsider the Trump administration’s interpretation that USDA is not authorized to regulate the practices set forth in the 2017 Organic Livestock and Poultry Practices final rule.

The controversial animal-welfare rule was finalized in the Obama administration and quashed in the Trump administration. It included new standards for raising, transporting and slaughtering animals.

“I have directed the National Organic Program to begin a rulemaking to address this statutory interpretation and to include a proposal to disallow the use of porches as outdoor space in organic production over time and on other topics that were the subject of the OLPP



EO Media Group

Holstein cows graze at an organic dairy east of Hermiston, Ore. USDA will reassess rules related to the welfare of organic livestock.

final rule,” Vilsack said.

USDA anticipates sending the proposed rule to the Office of Management and Budget within six to nine months from the date of the remand.

The new standards were set to go into effect in March 2017 but were delayed by an executive order by President Donald Trump, putting implementation of all pending regulations on hold.

USDA delayed imple-

mentation again in May and November 2017 and withdrew the rule in March 2018, stating it exceeds the agency’s statutory authority and could have a negative effect on voluntary participation in the National Organic Program.

The Organic Trade Association challenged the delays in court in September 2017, amending its complaint twice and challenging the withdrawal of the rule.

USDA fines Idaho calf company

Capital Press

USDA has entered into a stipulation agreement with Jerald Hale, doing business as H&H Calf Company of Filer, Idaho, for alleged violations of the Packers and Stockyards Act.

Under the terms of the stipulation agreement, Hale waived its rights to a hearing and was fined a civil penalty of \$1,300.

An investigation by USDA’s Agricultural Marketing Service found Hale had failed to pay when due for 15 transactions consisting of 130 head of cattle valued at \$53,336, from January through April 2020.

The law requires buyers to issue the full payment for livestock by the close of the first business day following the purchase and transfer of possession. Failure to timely

pay for livestock purchases is a violation of the law.

The law authorizes USDA to assess civil penalties up to \$29,270 per violation against any person after the notice and opportunity for a hearing on the record.

USDA may offer alleged violators the option of waiving their right to a hearing and enter into a stipulation agreement to quickly resolve alleged violations.

Legislation addresses antitrust enforcement

By CAROL RYAN DUMAS
Capital Press

Three U.S. senators have introduced legislation to beef up enforcement of the Packers and Stockyards Act.

The bill, sponsored by Sens. Chuck Grassley, R-Iowa, Jon Tester, D-Mont., and Mike Rounds, R-S.D., addresses anti-competitive practices in the meat and poultry industries that threaten the nation’s food supply and national security following the recent ransomware attack on JBS, the country’s largest meat supplier.

The Meat Packing Special Investigator Act would create a new dedicated office within the Department of Agriculture’s Packers and Stockyards Division.

The Office of the Special Investigator for Competition Matters would have a team of investigators, with subpoena power, dedicated to preventing and addressing anti-competitive practices and enforcing antitrust laws.

The new special investigator and team would coordinate and act in consultation with the Department of Justice and the Federal Trade Commission and create a new bridge between USDA and the Department of Homeland Security.

“With a team of dedicated staff, the USDA will now have the ability to investigate the tough issues facing producers and hold bad actors accountable,” according to a press release from the senators.

“This bill provides USDA with the necessary tools to beef up enforcement of the Packers and Stockyards Act, increase coordination with DOJ, FTC, and DHS and to foster a fair and functional marketplace for farmers and consumers alike,” Grassley said.

Unfair, anticompetitive practices in the meatpacking industry have hurt ranchers for years and put rural communities and family agriculture at risk, Tester said.

In addition, corporate consolidation is a direct threat to national security because a single cyber attack can threaten the food supply, he said.

“That’s why this bill is so important. It devotes the needed tools to USDA to shore up our national security and address anti-competitive practices in the industry that threaten Montana ranchers and consumers,” he said.

It’s long past time to address packer concentration, Rounds said.

Cattle producers are going broke while consumers are paying an over-inflated premium for beef at the grocery store, Rounds said.

“Our legislation strengthens USDA’s ability to investigate harmful anti-competitive behavior to apply the Packers and Stockyards Act as intended,” he said.

U.S. Cattlemen’s Association has long advocated the creation of a special investigator position, said Leo McDonnell, the association’s director emeritus.

“This bill comes at a critical time for the U.S. cattle industry. To ensure a level playing field for U.S. cattle producers, we need a referee that can call foul on anticompetitive market practices,” he said.

The bill directs coordination between the agencies and grants subpoena power to aid in the investigation and prosecution of violators, he said.

It also “bolsters the legal power of the USDA by maintaining a staff of attorneys and other professionals with relevant expertise that can elevate cases of corruption,” he said.



Oregon Cattlemen's Association
Voice Of The Cattle Industry Since 1913

Save the date!
*There's so much work to be done.
Be a part of the conversation.*

September 23, Powell Butte Oregon Cattle PAC Fundraiser

.....

October 8-9, Ontario Stockman & Stewardship Event Beef Quality Assurance Certification

.....

November 21-23, Pendleton Annual Convention & Tradeshow

LEARN MORE & JOIN AT
WWW.ORCATTLE.COM

5249775-1



OVBC
Oregon Values and Beliefs Center

You can help shape Oregon's future.

Share your opinion. Earn money.
Join the OVBC Panel.
panel.oregonvbc.org



WESTERN PACKAGING
Your Future is Our Future...

WE SPECIALIZE IN BULK BAGS!

<p>BAGS:</p> <ul style="list-style-type: none"> • Seed Bags • Fertilizer Bags • Feed Bags • Potato Bags • Printed Bags • Plain Bags • Bulk Bags • Totes • Woven Polypropylene • Bopp • Polyethylene • Pocket Bags • Roll Stock & More! 	<p>HAY PRESS SUPPORT:</p> <ul style="list-style-type: none"> • Hay Sleeves • Strap • Totes • Printed or Plain • Stretch Film (ALL GAUGES) <p>WAREHOUSE PACKAGING:</p> <ul style="list-style-type: none"> • Stretch Film • Pallet Sheets • Pallet Covers 	<p>LOCATIONS:</p> <p>Albany, Oregon (MAIN OFFICE) Ellensburg, Washington</p> <p>CONTACT INFORMATION:</p> <p>Phone: 855-928-3856 Fax: 541-497-6262 info@westernpackaging.com</p> <p>CUSTOMER SERVICE IS OUR TOP PRIORITY!</p>
--	---	---

www.westernpackaging.com

5214634-1