



LEGISLATIVE REPORT

SAN DIEGO COUNTY COWBELLES

JANUARY 2023



BOOM!

CASH CATTLE END YEAR WITH RALLY

Negotiated cash cattle trade was slow to develop the final week of the year as packers sought to hold the market near steady.

Cattle feeders held on to asking prices of \$160 per cwt.

Thursday brought higher prices with North trading at \$159 to \$160 per cwt., and dressed sales at \$252 to \$255 per cwt., \$3 to \$5 higher than the previous week. A slow trade in the South saw prices at \$157 per cwt., about \$1 higher.

Wholesale beef prices recorded significant gains for the week. Choice boxed beef closed Friday at \$282.05 per cwt., \$10.10 per cwt. higher than the previous week. Select boxed beef closed Friday at \$252.33 per cwt., \$7.46 per cwt. higher.

At the CME, February Live cattle dipped 95 cents on Friday to \$157.90, with the closing quote representing a gain of just 15 cents since last Friday, with January feeders slipping 10 cents to \$183.50, a weekly decline of 50 cents.

Estimated weekly cattle slaughter was 547,000 head, 23,000 head higher than the same week a year ago.

The total estimated year-to-date slaughter is 33.679 million head.



U.S. WINTER STORM HITS MEAT PLANTS, THREATENS WHEAT AND CATTLE

Dec 22 - Tyson Foods Inc said it suspended & reduced operations at U.S. meat facilities on Thur due to a massive winter storm, while farmers increased checks on livestock facing harsh winds & cold. The extreme weather presented a temporary challenge to food production after consumers grappled this year with soaring inflation, supply-chain shortages & drought that seared farmland in the western US. Tyson, which sells beef, pork & chicken & is the largest U.S. meat producer by sales, said it scaled back operations to protect employees & animals. "We are in close contact with our customers to minimize disruption & continue to fulfill customer orders.". In Kansas, the 3rd largest U.S. cattle state behind Texas & Nebraska, the National Weather Service warned of "dangerously cold" wind chill reaching -40F, temps were expected to rise on Fri. Ranchers were checking cattle to make sure they were not in distress & had access to water that was not frozen, said Kansas Farm Bureau spokesman Greg Doering. "They will make it through. This is an extreme event but it's going to be short lived." In North Dakota, farmer Daryl Lies said his family used farm machinery & snow blowers to clear paths between 4-ft-tall snow drifts so their cattle could reach water, hay & shelter. They kept a close eye on hog barns. Some Archer-Daniels-Midland grain facilities in North Dakota, South Dakota, Nebraska, Illinois & Indiana closed early. Farmers showed little interest in making new deals to sell corn & soybeans, & were not delivering crops due to the bad weather, grain dealers said. Wheat farmers in the central Plains worried that frigid temps may kill or damage dormant crops that lack a protective layer of snow.



CATTLE GROUP NOT HAPPY WITH NEW WOTUS RULE

The National Cattlemen's Beef Association is expressing disappointment about the Biden administration's finalized Waters of the U.S. (WOTUS) rule released today (Dec. 30, 2022). NCBA Chief Counsel Mary-Thomas Hart says for too long, farmers & ranchers have dealt with the whiplash of shifting WOTUS definitions. The Biden administration sought to finalize a WOTUS definition that will protect both our nation's water supply & cattle producers across the nation. She says while the rule retains longstanding, bipartisan WOTUS exclusions for certain ag features, it creates new uncertainty for farmers, ranchers, & landowners across the nation.

NCBA previously called for the Environmental Protection Agency (EPA) to retain agricultural exclusions for small, isolated, and temporary water features that commonly appear on farms and ranches. These exclusions have broad support and were included in WOTUS rules under both Republican and Democratic administrations. The rule fails to clearly exempt isolated and ephemeral features from federal jurisdiction and relies on "case-by-case" determinations to assess whether a feature is federally regulated. Today's rule is a far cry from the regulatory certainty provided by the Navigable Waters Protection Rule, creating a significant and costly burden for agricultural producers. "The timing of this rule could not be worse," added Hart. "The Supreme Court is currently considering Sackett v. EPA, which will provide much-needed clarity related to the WOTUS definition. Today's final rule seeks to directly preempt ongoing Supreme Court litigation, leaving farmers and ranchers with more questions than answers."



CATTLE RUSTLERS STEAL 80 BRED COWS IN BACA COUNTY, COLORADO

There is a report of stolen livestock in Baca County. It has been reported that approximately 80 head of bred cows are missing. The cattle are mostly black and predominantly have blue, Y-Tex ear tags. Cows will have one of two brands: S JM (connected) or the Lazy TC connected followed by a quarter circle.

Colorado's Operation Livestock Thief program is offering an award up to \$2,500 for information leading to the conviction of this criminal. All leads should be reported to the Baca County Sheriff's office at 719-523-6677. The Colorado Brand Board has been notified and Brand Commissioner Chris Whitney has informed surrounding states of the missing livestock. If you have any information regarding these cattle or have heard any information that could be helpful for this report, please contact the Baca County Sheriff's office at 719-523-6677. Source: Colorado Cattlemen's Association

ANIMAL CARE PROGRAM (PROPOSITION 12 IMPLEMENTATION)

Distributors selling covered products (shell eggs, liquid eggs, veal meat, or pork meat) to an end-user in California need to register with CDFA's Animal Care Program by January 1, 2023. Applications for distributor registration will continue to be accepted into 2023. The application, CDFA Form ACP 73-002 [Rev. 12/2022], for distributor registration, Distributor Registration Guidance, and additional stakeholder resources are available on Animal Care Program's website. The application, CDFA Form ACP 73-002 [Rev. 12/2022], for distributor registration, Distributor Registration Guidance, and additional stakeholder resources are available on Animal Care Program's website. <https://www.cdfa.ca.gov/AHFSS/AnimalCare/>

CALIFORNIA DAIRY

California milk production during November 2022 totaled 3.334 billion pounds, down 0.5 percent from November 2021 and down 2.3 percent October 2022. The number of milk cows on farms in California was 1.723 million head, up 4,000 from November 2021 and unchanged from October 2022. Production per cow in California averaged 1,935 pounds, down 15 pounds from November 2021 and down 45 pounds from October 2022. California leads the nation in total number of producing milk cows and milk production. Wisconsin ranks second, nationally, with 1.27 million heads in 2022 producing 2.58 billion pounds.

GRAINS MOSTLY HIGHER BUT WHEAT TAKES THE LEAD:

CATTLE SEE PROFIT TAKING DESPITE HIGHER CASH, HOGS MIXED

Grains continue mostly higher, but wheat has taken the lead. Soybeans see fund buying with lower Argentina crop ratings and contract highs in meal supportive, corn following but off early highs. Wheat has started to lead on short covering. Cattle are seeing profit taking after contract highs yesterday and higher cash. Hogs mixed. Kent Beadle of Paradigm Futures.

CATTLE NEED AND GET CARE EVEN IN SNOW STORM

South Dakota farmers and ranchers don't get snow days, no matter how bad a winter storm gets. In some parts of South Dakota, this is the fourth day of the storm. But most ag producers are prepared. It was snowing pretty hard at Steve Eichacker's farm in Salem recently. But this is something he's been planning for. "It starts probably in the fall," said Eichacker. "You know, early on in the fall we start grazing our cornstalk fields that are further from home, probably a little less wind protection, and as fall moves on and winter gets closer, those cows we just keep bringing them closer and closer to home, because you always have to have a plan." In weather like this, it's important to have wind breaks such as the corn stalk bales you see behind me or rows of trees. The cattle also get fresh bedding daily. "In South Dakota it's just always about the wind. You know, these cattle, they can go out and it can be 10 below, 20 below, if the wind's not blowing quite honestly they are extremely comfortable," said Eichacker. "We will bed the calves every day. You know the calves, they are in the lots here, they don't have the fresh snow so to speak to go lay on or anything so they will get bedded on a mound." Wednesday afternoon at the Scarborough Ranch near Hayes, there was already a foot of snow on the ground, and it was starting to blow. They moved their cattle to areas with windbreaks, but had to wait until the snow stopped to put down more bedding. "Once we know that it's kind of done snowing, we will go out and we will put straw out so that they have warm places to lay and hopefully they will come through it just fine," said cattle producer Marli Scarborough. Even with the extra work, both producers are thankful for the much needed moisture. "The snow kind of causes some problems and some extra work, but this year we are really grateful for it because it's just been so dry," said Scarborough. "It's going to take some snow this winter and some melt and run-off while the ground is froze to fill all these dams so these cows have water for next summer. It's a big deal," said Eichacker. Eichacker will begin his calving season in the beginning of Feb & says that this wave of the storm will not affect the cows, heifers or calves. If this type of storm happens during calving, it will be a bigger issue.

PORK, BEEF INDUSTRIES WILL FACE CHALLENGES IN NEW YEAR

Normally after a lengthy run of higher prices, hog producers will begin thinking of expansion. But that's not the case at the moment, & that outlook will likely continue into 2023. "Current levels of risk, uncertainty, & input costs have producers pulling back, in spite of relatively strong hog prices," says Lee Schulz, Extension livestock marketing economist with Iowa State University. "We are seeing a change in supply—a retrenching of the industry." Schulz says the #s in USDA's most recent Hogs & Pigs report in late Sept. further affirm this industry trend. "The latest USDA Hogs & Pigs report showed that as of Sept. 1, 2022 the breeding herd was 6.152 million head, down 0.6% compared to a year & the smallest Sept breeding herd since 2017," he says. "Hog producers said they intend to farrow 2.973 million sows during the Sept-Nov quarter, which would be down 2.5% from the same quarter in 2021. Similarly, Dec 2022-Feb 2023 sows farrowing intentions are expected to be below year prior levels. "If producers do follow through on these intentions this would be the fewest number of sows farrowing since 2015 & will keep pork supplies rather tight through at least the first half of 2023." Schulz says the Livestock Marketing Information Center is forecasting pork production to decline to 27.1 billion pounds in 2023. This would be a slight drop from the 2022 level. "The lower production is based on a projected 0.7% decrease in commercial hog slaughter which would more than offset an expected 0.4% increase in carcass weights," he says. "USDA is a bit more optimistic with 2023 pork production forecast to be slightly above 2022 production. Even with the smaller breeding herd, it may possible to see a modest growth in production in 2023 if there is productivity growth, which could come from more pigs saved per litter or heavier hog weights." Much of this will depend on both domestic & export demand. "Even if domestic per capita consumption is lower or flat next year, U.S. consumers paying higher real, (i.e., inflation adjusted) prices would help hold the strong demand of the last several years," Schulz says. "Pork export volume in 2023 is forecast to be down 2% from 2022. The strong U.S. dollar is a notable headwind to U.S. pork exports." Production costs will also remain high in 2023, he says. According to the Iowa State University model for farrow to finish production, costs increased 18% or \$15/carcass cwt in 2022 compared to 2021. Costs are forecast to remain at, or slightly below, these record levels in 2023. "Feed costs have been a big part of this increase but pork producers use numerous inputs & services which have all been higher in 2022," Schulz says. "More uncertainty likely alters the risk-reward relationship as producers consider expansion. The more risk & uncertainty producers see, for a given level of expected profit, the more likely they will go slow on expansion once it starts." The cattle industry will continue to see some herd liquidation in 2023, says Elliott Dennis, Extension ag economist with the University of Nebraska. He says economists are taking a hard look at the next USDA inventory report to see if any heifers are being retained for breeding purposes. "I think that's going to be less than many are expecting," he says. "We still have issues with feed costs & transportation costs with the price of diesel." Fewer cows translates into fewer calves and higher feeder cattle prices, Dennis says. He says 500- to 600-pound calves will reach prices in the low to mid \$200s per hundredweight. "We are going to see higher prices in 2023, but we may not all see a profit," he says. "There are still opportunities to make some money if we can carefully manage costs." Dennis says a large number of calves were pushed forward in 2022, heading to the feedlot earlier than normal due to drought conditions. He says younger calves require more feed, so he expects to see more interest in backgrounding with higher placement weights. Beef demand has been strong, although Dennis believes that could change as higher beef prices could cause consumers to look elsewhere. "Consumers have been able to stay with beef, but as inflation continues, the strong dollar is hurting exports," he says "We could have more beef for domestic consumers to consume."