

THE LEADING EDGE

CATTLEMAN

Mississippi/Alabama Cattle Producers



INSIDE THIS ISSUE:

Animal I.D. Update Dr. Jim Watson	Page 1
I.D. Update (cont'd)	Page 2
Cattle Market Situation And Outlook By Dr. John Anderson	Page 3
Cattleman's Calendar	page 4

Leading Edge Cattleman Program Mission Statement:

"To improve profitability, management skills, and cattle of beef producers in participating counties."

County Cattlemen's Association President

Extension Agent

Leading Edge Participating Counties:

<u>Alabama</u>	<u>Mississippi</u>
Bibb	Chickasaw
Fayette	Clay
Greene	Lee
Hale	Lowndes
Lamar	Monroe
Pickens	Noxubee
Sumter	Oktibbeha
Walker	Webster
Tuscaloosa	Winston
Marion	Calhoun

Animal ID Update
Jim Watson, DVM
State Veterinarian, Mississippi
601-359-1170

Animal identification is perhaps the most controversial issue to affect the beef cattle industry to date. I think every cattlemen agrees with the need for a system within our country to identify and track cattle to facilitate a rapid response to a disease outbreak and to protect export markets which are so vital to the industry. How to go about that process is where the controversy arises. There are still issues to be resolved, but I would like to talk about the National Animal Identification System (NAIS) as we know it today.

The current program is divided into three components; premises identification, animal identification and animal tracking. The ultimate goal of the program is to be able to trace infected and exposed animals within 24 hours of the diagnosis of a disease. This is a massive undertaking and will take years and many millions of dollars to accomplish. It is important to know that at this point the program is entirely voluntary.

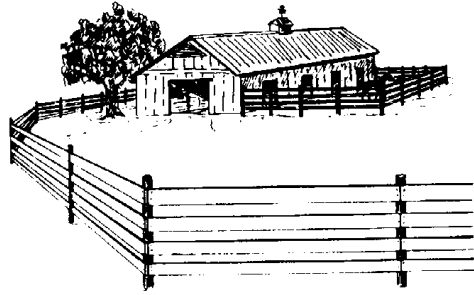
Premises identification is the first phase, and the foundation, of the animal identification program and will be handled at the local (state) level. Within each State Veterinarian's Office, a program is being developed that will allow producers to register their farms. The information needed to register premises includes contact information for the owner and manager of the farm, the physical address of the farm and information about the type of operation. All phases of livestock production will need a premises number including sale-barns, order buyers and veterinary clinics. The physical address of the premises will then be submitted to a USDA database and a unique 7-digit alphanumeric "Premises I.D. Number" will be issued. This I.D. information will then be added to the state database. Premises contact information will reside in the State Veterinarian's Office of each state. This premises identification number is based on a 911 address of the farm. Exceptions can be made where there is no 911 address. A producer may choose to register more than one premises, if for example, separate operations

such as a commercial and a purebred herd exists. It is not the intent to register every piece of property that a producer may own, but to establish one primary premises number and the contact information for that premises for each producer. In other words, all properties that share cattle movements between them are considered one premises, unless it is desired by the producer to register them separately for management reasons. This information will allow the state veterinarian to rapidly contact the right person in case of a disease outbreak. In the case of a highly contagious disease such as foot-and-mouth disease, each day spent trying to locate a farm delays the ability to control and prevent further spread of the disease.

The second phase of the NAIS involves animal identification. Currently, electronic ear tags have been chosen as the technology to be used. Other technologies may be incorporated into the program as they become available. USDA is in the process of finalizing the standards for the release of "official" animal I.D. ear tag numbers and are scheduled to be available later this year. The tags with these numbers will only be available to producers that have a premises I.D. number, because each ear tag number will be linked in a database to that premises. Tags that have already been placed in cattle, or are currently being sold by tag companies, are also approved for use in the program.

The third phase of the program involves animal tracking. This is the phase of the program that will be the most difficult and costly to implement, as well as being the most controversial. When implemented, the current plan will require the tagging of an animal once it enters commerce (leaves the farm), and that movement reported to a secure database. Areas of concern include privacy of the information, cost to the producer, cost to stockyards and order buyers, a robust information technology infrastructure that can handle such large numbers of transactions, and costs to already financially strapped state agencies.

Last fall, USDA awarded grants to states to begin implementation of the NAIS. The emphasis of the first year's funding is on premises registration, educational activities, and animal tracking pilot projects. Mississippi received a \$150,000 grant to initiate the process here in the state. These funds are being used to develop a computer program to register premises, purchase equipment, provide field days along with other educational opportunities to learn about the NAIS and to participate in several animal tracking pilot projects with sale barns. The computer program for premises registration has been completed and



certified by USDA. Forms are available on our website, at the MCA Office, at local extension offices as well as stockyards.

While it is true that this program is being developed for animal disease trace-back purposes, it is recognized that this program will be useful for other reasons. A growing trend is the need for source verification of cattle. As a producer, it will be easier to comply with the requirements of these various programs with the use of an official premises number and electronic animal I.D. ear tags with "official" USDA numbers (once they become available). Also, many companies and organizations are offering management and production software packages that will allow you to maximize the information available with use of electronic ear tags.

As I mentioned earlier in the article, please note that this program is voluntary. There is no known timeline for this program to become mandatory. Along with the animal health needs that have already been discussed, consumer and marketing needs continue to create a demand for source and age verification programs with an audit trail. As these needs continue, and the industry adjusts to them voluntarily implementing the animal identification program, some of the concerns may be resolved by industry, and may not have to be mandated by USDA. Many groups continue to provide input to USDA, therefore, it is possible that changes in the program may occur. In addition, a major disease outbreak could fast track the NAIS into becoming mandatory. So, stay tuned for further developments. Please do your part to help protect the beef industry in Mississippi and Alabama and register your premises today. To obtain a form, call your state veterinarian's office or go online. In Mississippi, our website is <http://www.mbah.state.ms.us> and the phone number is 800-646-8731. In Alabama the website is <http://www.agi.state.al.us/> and the phone number is 334-240-7100.

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Cattle Market Situation and Outlook
Dr. John Anderson
MSU Extension Agricultural Economist
Mississippi State University
662/325-1788 or johna@ext.msstate.edu

So far, 2005 has been a banner year in the cattle business. While producers may justifiably feel a bit of a squeeze from record high fuel and fertilizer prices, it is hard to find much to complain about where cattle prices are concerned. Through the first quarter of this year, prices on all classes of cattle are up significantly from the first quarter of last year. Table 1 below shows first quarter cattle and beef prices in 2005 compared to 2004:

Table 1. First Quarter Average Cattle Prices: 2004 and 2005

<i>Class</i>	<i>2004.1Q Avg. Price</i>	<i>2005.1Q Avg. Price</i>
5-Area Weighted Avg. Fed Cattle	\$80.72	\$89.35
OKC 400-500 pound steers	\$120.06	\$139.38
OKC 700-800 pound steers	\$88.95	\$105.36

Source: Livestock Marketing Information Center

Of course, prices during the first few weeks of 2004 were off some due the impact of the BSE event in Washington state, but so far in 2005 cattle prices have been up from even late-2004 levels.

So, what is behind the current strength in the cattle market? The short answer is that the supply and demand balance in the market has become quite favorable for cattle producers. Cyclically smaller cattle supplies are coinciding with strong demand for meat to produce a very strong market. This is in direct contrast to the situation for much of the 1990s, when cyclically large supplies coincided with weak demand to create a very challenging market environment for producers.

A fair number of people seem to think that the continued exclusion of Canadian cattle from the U.S. market is making a major contribution to the current price strength. The exclusion of Canadian cattle is one factor currently affecting the supply situation; however, it is probably not a decisive factor in the market right now. It is important to remember that beef from cattle 30 months of age and younger has been coming into this country from Canada since August 2003. Fourth quarter 2004 beef and veal imports from Canada (the last full quarter for which data are available) were almost 6% higher than in 2002 – the last year that the market was unaffected by BSE. In addition, in order to provide lean trim that might otherwise have come from older Canadian cows, US imports of beef from several other countries have increased. Overall, U.S. beef and veal imports in 2004 were about 14% higher than in 2002. In short, the main impact of resuming trade with Canada would probably be to change the mix of products coming in (as live animal trade replaces some trade in processed beef) and the source of those products (as Canada regains market share back from New Zealand and several South American countries).

The cyclically small domestic cattle supply is a key factor in the cattle market this year. The tight supply situation created by the historically small cattle herd in this country is currently being reinforced by the fact that herd expansion now seems to be getting into full swing. The immediate effect of herd expansion is to reduce the number of females going to slaughter. This reduction in slaughter (and, by extension, beef production) is very supportive of cattle prices. It took several years of gradual herd liquidation for the industry to reach this point in terms of cattle supply, and it is not a situation that will change dramatically overnight. In other words, tight domestic cattle supplies should continue to contribute to a strong market for the rest of the year.

Of course, in time retained females will contribute to larger calf crops and higher beef production. At that point in the cycle, conditions will be much less favorable for cow/calf producers than they are now. In short, this year may be as good as things get in the cow/calf industry. Healthy demand is coinciding with a very favorable cyclical supply situation to provide outstanding markets. This is a great time to think about building equity in the beef operation or investing profits back into production and/or management systems to improve long-run efficiency and productivity. The one thing that good times have in common with bad times is that neither lasts forever. Cow/calf producers would do well to enjoy the current good times but also to use this opportunity to plan for when the good times are over.





Cattleman's Calendar

April 21

Magnolia Beef & Poultry Expo

Smith County Ag Complex, Hwy 35 South, Raleigh, MS, 9 am -9 pm.

Contact:

Charles Waldrup,
County Extension Director
Raleigh, MS
601/782-4454

charles@ext.msstate.edu

April 22-23

Mississippi BCIA Tour

Two day tour through South Mississippi
\$100 registration, Begins 10 a.m. Dudley Williams
Farm, Clarke County, MS

Contact:

Dr. Jane Parish
MSU Extension Beef Specialist
325-37466
jparish@ext.msstate.edu

April 29-30

NCBA Region II Meeting

Sponsored by Alabama Cattlemen's Association
The Beach Club-Gulf Shores, AL
Registration: \$100

Contact :

Alabama Cattlemen's Association
P.O. Box 2499
Montgomery, AL 36102-2499
(334) 265-1867
fax 334/834-5326
e-mail: aca@bamabeef.org

May 7

- ◆ MS Angus Association Sale, Raymond, MS
- ◆ Rogers Charolais Bar HR Cream of the Crop Sale, Collins, MS

May 7

- ◆ MS Limousin Association Sale, Riverdale Ranch, West, MS

May 10

South MS Forage-Tested Bull Sale, Tylertown, MS

May 21

MSU South Farm Field Day

The Mississippi State University South Farm will host a beef cattle field day on Saturday, May 21, 2005. The field day will feature Angus, Charolais, and Hereford cattle and will start at 9:00 a.m. at the South Farm Beef Unit on the Mississippi State University campus farm. Field day topics will include the South Farm forage plan, South Farm herd health program, bull development/breeding program and research, breed association programs for seedstock producers and commercial customers, electronic animal identification demonstration, and a beef quality demonstration.

After lunch a drawing will be held for two free slots at a fall artificial insemination school offered by the MSU Extension Service. A tour of the South Farm will also be provided. The South Farm is adjacent to the Southern end of the Mississippi State University campus. For more information on the field day or directions to the farm, call 662/325-3516.

August 27

Southern Producer's Replacement Sale

This years Southern Producer Replacement Heifer Sale will be held on Aug. 27th at the South East Mississippi Sale Barn located in Hattiesburg, MS. This year's selection will include 250 bred replacement heifers that have been pelvic measured, palpated and they have had a complete health program. New additions to this year's sale will include two producers with tremendous Brangus type replacement heifers that will be bred for fall calving. For more information interested parties can contact:

Mike Keene
Area Agent- Livestock/Forages
952 Sullivan Drive
Hattiesburg, MS. 39401
601-545-6083
Cell 601-606-7382
FAX 601-545-6173

Closing Comments

We would welcome your comments and suggestions on how we might improve the Leading Edge Cattleman newsletter. Send comments to Ed Williams, County Extension Director, 106 Felix Long Drive, Starkville, MS 39759, telephone 662/323-5916 or edw@ext.msstate.edu. You may also contact Sam Wiggins, Pickens County Agent County-Coordinator at 205/367-8148, P.O. Box 271, Carrollton, AL 35447 or owiggins@acesag.auburn.edu.

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