

THE LEADING EDGE

CATTLEMAN

Mississippi/Alabama Cattle Producers



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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



Dr. Walt Prevatt
Extension
Economist &
Professor
Auburn University

U.S. Cattle Herd Expansion Has Begun

The January 1, 2005 USDA Cattle report documented a one percent increase in the U.S. inventory of cattle and calves (+960,000 head). A slight increase in the number of cows and heifers that have calved (+209,000 head or +0.5 percent) was also reported. In addition, beef cow replacements (+228,000 head) and dairy cow replacements (+113,000 head) showed an increase of four and three percent, respectively, from a year-ago.

The July 1, 2005 USDA Cattle report also showed a one percent increase in the U.S. inventory of cattle and calves (+900,000 head). A one percent increase was reported for all cows and heifers that have calved (+300,000 head). Heifers 500 pounds and over kept for beef cow (+200,000 head) and dairy cow replacements (+100,000 head) were up four and three percent, respectively, from a year-ago.

Cow and heifer slaughter levels also provide evidence that cattle farmers are holding back females to rebuild their cowherds. Since the beginning of 2005 through mid-September, federally inspected cow slaughter has decreased about seven percent (-7%) compared with the same period for 2004. Likewise, heifer slaughter through mid-September 2005 has been down about four and one-half percent (-4.5%) from a year-ago.

Thus, cattle herd rebuilding has begun by reducing the cow slaughter rate (getting another calf from a mature cow) and retaining more replacement heifers (reducing the number of heifers placed in feedlots). Assuming that adequate weather, feed and forages, and cattle prices are realized, the U.S. cattle herd will continue to expand at a modest rate.

Beef Trade Situation

The beef trade situation has been a topic of much interest and heated discussion during 2005. The announcement today (12/12/05) that Japan will lift the ban on U.S. beef provides some optimism for improving U.S. beef exports during 2006. However, Japanese consumers and government officials continue to express food safety concerns associated with BSE. Correspondingly, beef demand in Japan has experienced substantial weakness since the identification of BSE in their cattle herds three years ago. Thus, even as this export market opens in 2006, it will probably take several years to rebuild beef demand there.

The only two major export markets to allow U.S. beef since December 23, 2003 have been Canada and Mexico. Canada began allowing beef imports of U.S. boneless beef from animals less than 30 months of age in

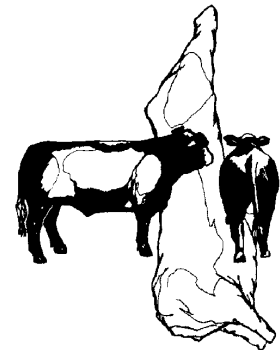


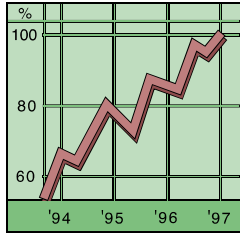
January 2004 and Mexico followed in early March. However, the current 2005 levels of U.S. beef exports are well below 2003. Again, it will probably take additional time to attain the 2003 beef export levels to these countries due to changing food safety requirements, consumer preferences, cheaper alternative meats, etc. In addition, excess cattle supplies and lower beef prices in Canada will continue to restrain imports of U.S. beef during the near-term.

According to USDA, total U.S. beef exports for 2005 are expected to be about 0.629 billion pounds, an increase of 0.168 billion pounds over last year. 2006 U.S. beef exports are projected to be similar at 0.640 billion pounds. However, significant beef export growth potential exists as Japan and possibly South Korea and Taiwan markets open. Total U.S. beef exports for 2003 were 2.5 billion pounds. Thus, there is much room for improvement, but rebuilding beef export markets will likely take several years.

The 2004 U.S. beef imports were approximately 3.7 billion pounds. USDA has forecasted U.S. beef imports for 2005 to increase about four percent (+4%) to 3.8 billion pounds. Forecasted beef

imports for 2006 are estimated also to be about 3.8 billion pounds. A significant reduction in U.S. cow and bull slaughter is said to be driving the demand for processing beef in the United States. U.S. cow and bull slaughter is expected to decline about 7 percent during 2005 compared with a year ago. If U.S. herd rebuilding continues in earnest, cow and bull slaughter will likely continue to be below the five-year average thereby supporting market prices for imported lean beef trimmings. Thus, U.S. net beef supplies (domestic beef production plus beef imports minus beef exports) should be near 28 billion pounds for 2005 and possibly 29 billion pounds for 2006.





2006 Cattle Price Outlook

The 2006 cattle markets will continue to operate with some uncertainty and could

experience some volatile movements. Cattle farmers should monitor several factors, including the level of domestic beef production, growing supplies of pork and poultry, level of export beef sales (especially Asian markets), import beef levels, and the strength of domestic beef demand.

Slaughter cattle cash prices rallied during fall 2005 from the mid \$80s to low \$90s per hundredweight. However, 2006 domestic beef production is expected to increase 3-4 percent compared to last year. If these larger supplies of beef materialize, expect slaughter cattle prices to average in the mid-\$80s per hundredweight during 2006. Slaughter cattle supplies during the first and second quarter of 2006 are expected to be larger than a year-ago. Slaughter cattle supplies are expected to increase 5-7 percent during the first two quarters of 2006 due to larger domestic supplies (a larger number harvested and potentially heavier carcass weights) and larger levels of slaughter cattle imported from Canada. The increase in slaughter beef supplies is expected to pressure slaughter cattle prices lower to average in the upper \$80s or low \$90s per hundredweight.

The key to cattle price levels and week-to-week price swings will likely center around the level of domestic beef production, domestic beef demand, and the status of beef trade between the U.S. and its trading partners. Abrupt changes in these factors could potentially add much volatility to 2006 cattle markets

The popular press today (12/12/05) announced that Japan will lift their ban on U.S. beef. Further details on this announcement are forthcoming. However, there is still much uncertainty and speculation about the quantity that will be exported.

When these trade issues are resolved, U.S. beef exports should begin to increase which will reduce the U.S. per capita beef supply

and provide good price support for retail beef prices. However, any improvements in U.S. beef exports will likely be gradual as trading partners establish new procedures of trade and as consumers build their confidence in the safety and value of U.S. beef products.

Significant improvements were realized in domestic beef demand during 2003 and 2004. Domestic beef demand during 2005 is expected to show a modest improvement. However, domestic beef demand during 2006 is expected to be tested as larger domestic meat supplies (beef, pork, and broilers) reach the marketplace and as disposable income of consumers is squeezed due to higher energy costs and interest rates.

For 2006, USDA has forecast that slaughter steers will average in the mid-\$80s per hundredweight. Feeder cattle, 700-800 pounds, Southern Plains, are forecast to average in the mid \$90s per hundredweight. Feeder calf prices, 500-600 pounds, Southern Plains, are forecast to average between \$105 and \$110 per hundredweight. Cull cow prices will likely show a minor decline from 2005 price levels, but should remain strong throughout 2006 due to cyclically smaller supplies. Breeding heifer, cow, and bull prices are expected to trade steady during 2006 as herd rebuilding continues.

The key to cattle price levels and week-to-week price swings will likely center around the level of domestic beef production, domestic beef demand, and the status of beef trade between the U.S. and its trading partners. Abrupt changes in these factors could potentially add much volatility to 2006 cattle markets. Cattle prices will likely dip below year earlier prices during the first three quarters of 2006. However, cattle prices should remain cyclically strong and average at 2-5 percent below 2005 cattle prices.



Dr. Jane Parish
Assistant Professor
Extension Beef Cattle
Specialist
Mississippi State
University

2006 Beef Improvement Federation Meeting Slated for April 18 – 21 in Mississippi

The “Magnolia State” welcomes the Beef Improvement Federation to Mississippi for the first time in its thirty-nine year history this coming April 18-21 at the Pearl River Resort in Choctaw, Miss. “21st Century Genetics – Rising to the Challenge” is the theme for this year’s meeting. Mississippi State University Extension Service along with Mississippi Cattlemen’s Association and Mississippi Beef Cattle Improvement Association are hosting the event that draws cattlemen from across the U.S. and around the world.

The conference will kick-off on Tuesday, April 18 with a golf tournament in the morning and that evening an opening reception and symposium, “Basics of Ultrasounding Beef Cattle for Genetic Improvement” sponsored by the Ultrasound Guidelines Council. On April 19th, Tom Brink, Five Rivers Ranch Cattle Feeding, and Jackie Moore, Joplin Regional Stockyards, will discuss “Satisfying the 21st Century Beef Consumer” along with presentations on branded beef programs and results of the 2005 National Fed Quality Audit. That evening participants will enjoy southern hospitality at its finest with a southern style supper at Neshoba County Coliseum. Thursday, April 20 the program will focus on genetic planning for profits and look at feed efficiency featuring Dr. Gordon Carstens, Texas A & M University and Dr. Denny Crews, Agriculture and Agri-Food Canada.

On both afternoons of the 19th and 20th, the BIF committees will meet to discuss the latest in research findings and information and issues facing their specific area of interest. The committees are genetic prediction, live animal, carcass and end-point; producer applications; cowherd efficiency; emerging technologies; and selection decisions.

Tours of area farms including EE Ranches, Inc. in Winona, MS are planned for Friday, April 21, and spouse tours and activities are featured through the conference.

For more information or to registration, go to www.beefimprovement.org or contact Jane Parish, 662/325-7466, jparish@ads.msstate.edu or Blair McKinley, 662/325-3691, bmckinley@ads.msstate.edu.

Master Cattle Producer Program Begins January 2006

Beeff cattle producers in Mississippi and Alabama can take the comprehensive Master Cattle Producers Training Program via interactive videoconferencing in 2006. The new high-tech version of the program will be offered in a number of locations around Mississippi including the **Mississippi State University** campus, **North MS Research and Extension Center** (Verona), **Central MS Research and Extension Center** (Raymond), **Clarke County** Extension office (Quitman), **Forrest County** Extension office (Hattiesburg), **Lafayette County** Extension office (Oxford), and **Pike County** Extension office (McComb). Alabama sites will include **Auburn University**, **Belle Mina**, **Headland**, **Marion Junction**, **Crossville**, and **Winfield**.

For Mississippi producers, classes will begin Tuesday, January 10, 2006 and will be held weekly through Tuesday, January 31, 2006 and then again weekly from Tuesday, February 21, 2006 through March 14, 2006.

For Alabama producers, the class will begin Tuesday, January 17, 2006 and will be held weekly through March 14. There will be no class on February 14. The interactive course is open to any producer interested in learning more about improving production on their beef cattle operations. Sessions will run from 6:30 to 9:00 p.m.

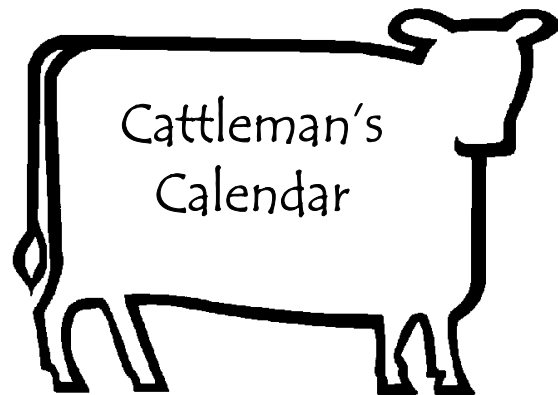
Interactive video allows presenters to reach many geographic locations at once. However, questions can be asked at any time during the presentations, and all other participants will hear the question and the response. Extension agents and specialists will be present at each location throughout Mississippi and Alabama to answer additional questions.

Dr. Lisa Kriese-Anderson, an animal scientist with the Alabama Cooperative Extension System, says the program is designed to make cattle farmers aware that they are "food producers" and that current issues pertaining to food safety, beef quality assurance, and consumer perception of beef products can be improved if research-based production recommendations are practiced. "Our primary goals are to train local cattle producers to profitably produce safe, wholesome, high quality beef products meeting global and domestic demands, to make producers aware of current and emerging issues pertaining to food safety, beef quality assurance, and consumer perception and to provide producers with training on recommended production practices."

Beef producers enrolled in this program will complete about 20 hours of training which includes the following:

1. Management and Marketing
2. Nutrition of Beef Cattle
3. Forage Systems
4. Reproduction
5. Health Practices and Handling
6. The Product: Quality and Yield Grades
7. Selection for Optimum Genetics
8. Beef Quality Assurance

Contact your County Extension office for complete program and registration information. Producers should pre-register through your area Extension livestock agent or your county Extension office. Registration is \$75.00, and this fee covers the course, written materials, a farm sign, Master Cattle Producer cap, and certificate earned upon completion of the course. The Master Cattle Producer training program was developed by the Alabama Cooperative Extension System and is sponsored by the Mississippi State University Extension Service in cooperation with the Alabama Cooperative Extension System.



Jan. 10 Master Cattleman Program begins, 6:30-9:00 p.m., contact your County Extension Office for details, registration \$75

Jan 12 Oktibbeha County (MS) Cattlemen's Meeting, 6:30 p.m., County Extension Office, 323-5916 for reservations

Jan 19 Webster County (MS) Cattlemen's Meeting – "Minerals for Beef Cattle"

Feb. 1-4 Cattle Industry Annual Conference and NCBA Trade Show, Denver, CO

Feb. 2-9 Dixie National Jr. Roundup, Jackson, MS Fairgrounds

Feb. 4-8 Southern Section American Society of Animal Science annual meeting, Orlando, FL

Feb. 10-11 Mississippi Cattlemen's Association Annual Meeting and Trade Show, Hilton Hotel, Jackson, MS

Feb. 10 Mississippi BCIA annual meeting, Hilton Hotel, Jackson, MS, 1 p.m.

Feb. 24-25 Alabama Cattlemen's Association Convention and Trade Show, Birmingham, AL

Mar. 2 Hinds Community College Bull Test Sale, Hinds Community College Bull Test Sales Facility, Raymond, MS

Mar 9-11 Southeast Livestock Exposition Rodeo, Montgomery, AL

Mar. 25 North Mississippi Beef Agribition bull and heifer sale, Verona, MS, Contact Mike Howell, 662/566-2201

◆ **Apr. 18-21 National Beef Improvement Federation Annual Convention**, Pearl River Resort, Choctaw, MS (near Philadelphia, MS), contact Blair McKinley or Jane Parish at 323-3515 for more information

Apr 21 Beef Improvement Federation Mississippi Tour

May 9 South MS Gain on Forage Bull Test Sale, Tylertown, MS, contact Lamar Adams, Phone 601-876-4021, Fax: 601-876-0077, Email: lamara@ext.msstate.edu

Closing the Gap

Ed Williams
Oktibbeha County Extension Director
Starkville, MS

This is the first issue of the new fiscal year 2006. I hope you have found it to be informative and interesting. My thanks to Dr. Walt Prevatt of Auburn and Dr. Jane Parish of Mississippi State University for their contributions to this issue. We welcome your comments, questions and suggestions on future quarterly issues. Just contact me at 662/323.5916 or edw@ext.msstate.edu. In Alabama, contact Sam Wiggins 205/367-8148 or owiggins@acesag.auburn.edu.

Helpful Neighbors

Cattlemen from practically every state in the Union have given time, money and supplies to aid their fellow cattlemen who fell victim of Katrina, the greatest hurricane

disaster our nation has known in modern times.

Areas of the Mississippi and Louisiana south of Interstate 20 were hardest hit. Producers in that area are still putting their lives and livelihoods back together as we speak. Reports are that many have only been able to conduct makeshift repairs until resources and time allow more permanent solutions.

Recovery will be a period of years but the generosity and good will of helpful neighbors like you in Alabama will not be forgotten nor taken for granted. Thank you for what you have done and what you continue to do.



Eric Smith (right) and other Pickens County, Alabama cattlemen donated this load of chain saws and oil to help in the cleanup effort. Accepting the gift is Dr. Jim Anderson on behalf of the Cattlemen's Foundation. (picture courtesy MCA)

For more photographs of Katrina damage go to:
http://www.ms cattlemen.org/Pages/hurricane_katrina_photos.htm