

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**

County Extension Agent

**Leading Edge Participating
Counties:**

Alabama

**Bibb
Fayette
Greene
Hale
Lamar
Pickens
Sumter
Walker
Tuscaloosa
Marion**

Mississippi

**Chickasaw
Clay
Lee
Lowndes
Monroe
Noxubee
Oktibbeha
Webster
Winston
Calhoun**

Bovine Spongiform Encephalopathy (BSE)

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Beef Production Medicine

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The beef industry stepped into the national spotlight on December 23, 2003 with the announcement of a positive case of Bovine Spongiform Encephalopathy (BSE) in a Holstein cow from Washington

state. Beef consumers and producers greeted this news with questions and concerns about

this disease. All existing science indicates that the current U.S. beef supply is safe for human consumption. It is important to understand the disease process of BSE and make decisions based on scientific principles.



Bovine Spongiform Encephalopathy is a chronic degenerative disease affecting the central nervous system of cattle. The disease was first diagnosed in 1986 in Great Britain (see table for timeline). Affected animals may display signs associated with progressive degeneration of the nervous system including: nervousness or aggression, abnormal posture, difficulty in coordination, loss of body weight, and death. The causative agent responsible for BSE is smaller than the smallest known virus and has not been completely characterized. It is believed misfolded proteins, called prions, build up in the central nervous system tissues and eventually kill nerve cells. This disease is not spread from animal to animal, only through feed containing ruminant-derived meat and bone meal (MBM) from BSE infected cattle. Currently, there is no test to detect the disease in a live animal; the diagnosis is confirmed by a post-mortem microscopic examination of the brain tissue.

The economic impact of this discovery hinges on the response of the American consumer and our foreign trading partners. After the discovery, USDA started an aggressive investigation and the trace back process revealed the index cow was born in Canada. This is important because the disease likely did not originate in the United States. Most of our beef is consumed domestically, while exports account for around 10% of total U.S. beef production. Many of our larger trading partners including Japan and Mexico have closed the border to importing U.S. beef, and the impact of this restriction will be affected by the length of time before normal trading patterns resume.

Beef producers should be thankful for organizations such as the National Cattlemen’s Beef Association (NCBA) who immediately went to work to get science based facts in front of the American public. NCBA spokespeople have done numerous national and local media interviews, delivering the key message that consumers can continue to eat beef with confidence that it is safe. NCBA also maintains a website that contains further BSE information: <http://www.bseinfo.org/>

These facts are from an NCBA press release:

- All scientific studies show that the BSE infectious agent has never been found in beef muscle meat or milk and U.S. beef remains safe to eat. It is found in central nervous system tissue such as brain and spinal cord.
- All U.S. cattle are inspected by a USDA Inspector or veterinarian before going to slaughter. Animals with any signs of neurological disorder are tested for BSE.
- BSE affects older cattle, typically over 30 months of age. The vast majority of the cattle going to market in the U.S. are less than 24 months old.
- The U.S. began a surveillance program for BSE in 1990 and was the first country without the disease within its borders to test cattle for the disease. The surveillance system targets all cattle with any signs of neurological disorder as well as those over 30 months of age and animals that are non-ambulatory.
- The U.S. banned imports of cattle and bovine products from countries with BSE beginning in 1989.
- BSE is not known to spread from animal to animal according to the latest science. The only way BSE spreads is through contaminated feed. The U.S. Food & Drug Administration in 1997 instituted a ban on feeding ruminant-derived meat and bone meal supplements to cattle. This is a firewall that

prevents the spread of BSE to other animals if it were present in the U.S.

USDA recently announced additional measures to ensure that U.S. beef remains the safest in the world. The new measures include:

- Banning all non-ambulatory cattle from the human food chain.
- Any cattle tested for BSE are not allowed into the food supply until tests show it is safe.
- Specified Risk Material (SRM) from cattle over 30 months will be banned from entering the human food supply.
- The FDA has also placed an interim rule to ban the use of poultry litter as a feed ingredient for ruminant animals.

Recognition of a BSE positive case in the United States and the subsequent investigation has led to increased discussion of a national identification program for cattle. The goal of the program would be to enhance the ability of animal health officials to manage diseases with a potential impact on public health. The exact methods and logistics of a national identification program have not yet been decided, but it seems likely to happen sooner rather than later.

The BSE discovery will cause aspects of the beef industry to change and no one can accurately predict what the next few months will bring for beef producers. The core of the industry will remain the same; rooted in the farmer, cowboy, and rancher who strives to produce high quality, safe food for the American consumer. These farms can handle this adversity by working together and utilizing scientific facts to make decisions.

Bovine Spongiform Encephalopathy (BSE) Timetable	
1986	First case of BSE found in Great Britain
1997	U.S. Food and Drug Administration bans feeding of most types of mammal proteins to cattle, sheep and other ruminants.
2001	First BSE case in Japan
May 2003	First BSE case in Canada
Dec 2003	First BSE case in United States

Cattle Market Update



John D. Anderson
Extension Agricultural Economist
Mississippi State University

Fallout from last December's Bovine Spongiform Encephalopathy (BSE) event in Washington state continues to dominate the cattle market. Since December 23, when

USDA announced the first positive test for BSE in the U.S., cattle markets have been very volatile. A rapid decline in cattle and wholesale beef prices was quickly followed by strong rebound in prices that lasted into about the third week of January. Just as many producers were starting to breathe a sigh of relief though, the rebound in prices came to an abrupt end. Wholesale beef and cattle prices again began to plummet. As of this writing, the decline continues, though prices are showing some signs of bottoming out.

The fluctuations in cattle and beef prices since December 23 trace the path of sentiment within the industry as the BSE event has unfolded. Markets initially declined sharply over fears that the presence of BSE in the U.S. would cause consumers to drastically curtail their beef consumption. However, domestic consumption proved to be remarkably resilient. Further, USDA's investigation quickly established that the infected cow actually originated in Canada. This fueled speculation that the virtually complete loss of U.S. export markets would be short-lived. In the cattle market, hope sprang eternal; and prices quickly rallied. Eventually, though, the reality of the loss of almost 10% of the market (the proportion of total production generally claimed by exports—primarily to Japan, Mexico, and South Korea) began to sink in.

By late January, the loss of beef exports was clearly affecting wholesale beef prices. The boxed beef cutout value, which had recovered nicely from the immediate shock of the BSE event, began to fall sharply. The decline in cutout values—along with a sharp decline in the drop credit for beef by-products—reduced packer profit margins significantly. In response, packer bids for fed cattle dropped as well. Cash fed cattle prices declined by \$10/cwt in the two weeks from January 26 through February 6.

Live and feeder cattle futures markets have also been quite volatile as traders try to interpret the impact of BSE-related news. On February 4, all live and feeder cattle contract months moved down the daily limit in response to a report from the international panel re-

viewing USDA's BSE investigation. Fears in the market centered on the time that would be required to implement the panel's recommendations (possibly delaying the resumption of exports) and on the panel's clearly stated opinion that additional North American BSE cases would eventually surface. By the next day, though, the market was back up—with some live cattle contracts gaining back the price limit lost just a day earlier. Futures prices will remain volatile for some time. Markets will be closely watching for any trade-related developments—dealing not only with BSE but now also with avian influenza, which is already disrupting poultry trade patterns worldwide.

The cattle market did get some positive news on February 9 with USDA's announcement that it was formally concluding its BSE investigation. The formal conclusion of the investigation was the first necessary step in obtaining a renewal of business with key trading partners. These trading partners will review the report on the investigation and the proposals it contains in order to make of determination of when and under what conditions they are willing to resume imports of U.S. beef. It is likely that Mexico will resume receiving U.S. beef relatively quickly. Mexico is currently receiving beef from Canada, and with the U.S. investigation complete, there is little justification for taking beef from Canada but not the U.S. Japan and South Korea will be slower to re-open their borders and are likely to have some fairly stringent demands regarding animal testing, traceability, and production system controls as a condition of resuming imports.

Moving forward from here, the direction of cattle prices is very uncertain. With domestic demand appearing to hold up fairly well, concern in the market has shifted from the impact of BSE on consumer attitudes to how BSE is affecting the cattle supply situation. With marketing and slaughter rates slowing as a result of lost exports, the number of market-ready cattle on feed is likely to continue steadily increasing. In addition, slaughter weights are likely to continue climbing as well. This increase in supply could continue to pressure wholesale beef and cattle prices. On the other hand, if exports resume fairly quickly, some of this supply pressure will be alleviated, and prices could actually increase some. It is very unlikely, though, that prices will return to pre-BSE levels. Even before BSE, on-feed numbers were rising. The supply situation will not go back to what it was in late-2003 just because exports resume. Another factor that will limit upside



potential is the fact that U.S. and Canadian exports to Japan are likely to resume at the same time. The U.S. will not have a lock on the fed beef market in that country, as it did from May through December 2003.

Breeding Soundness Exams Don't Cost, They Pay.

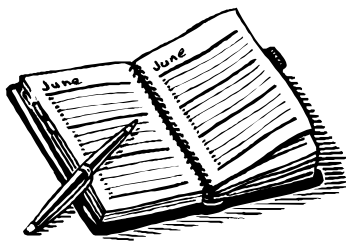
Ed Williams
County Extension Director
Oktibbeha County, MS

It happened again this winter. As one of our better local producers was getting ready for this spring's breeding season, he found that one of his two herd bulls was unsound for breeding. He stated, "I started to skip the BSE this year, and then decided, no, I better follow through."

There is always a chance that last year's sound bull will become subfertile, or infertile. I have seen good producers lose a whole calf crop by overlooking this important detail. A breeding soundness exam should be conducted approximately 30 to 60 days prior to breeding season. That gives you time to find a replacement, albeit a late one.

That cattleman I mentioned stated, "That was some of the best money I have spent lately." I agree. What is the comparison between a \$45-\$65 breeding soundness exam and a lost calf crop? Submitting your bull for a breeding soundness exam just before breeding season doesn't cost, it pays.

Cattleman's Calendar



March 1, 8, 15 – Monroe County Beef Short Course, 6:30 p.m. to 8:30 p.m. each night. Topics – Cow, Calf, and Bull Management – Dr. Rick Evans, Herd Health – Dr. Carla Huston, Pasture Management – Dr. Richard Watson, Handling Facilities – Dr. Wayne Groce, Marketing Options – Dr. John Anderson; registration is \$35 for Monroe County Cattlemen, \$40 all others.

March 4, 5 & 6 – Mississippi Cattleman's Association, Young Cattlemen's Conference, Jackson, MS, must be 25-45 yrs of age, call 601/354-8951, or email missca1@bellsouth.net

March 12-13 -- Profitable Pastures for Mississippi Seminar, (Alabama producers welcome too) a forage production and utilization seminar for Missis-

issippi cattle and horse producers. March 12 seminar to be held at Bost Extension Center, Mississippi State University from 9 a.m. to 4:30 p.m. March 13 seminar to be held at Central Mississippi Research and Extension Center, Raymond, MS. Topics include forage fertility, forage quality, warm-season grasses, legumes, winter annuals, grazing management, fencing, fescue endophyte management, and minimizing stored feed requirements. Contact Jane Parish, Animal and Dairy Sciences, Mississippi State University at 662-325-7466, or Richard Watson, Plant and Soil Sciences, Mississippi State University, 662-325-2311 for more information.

March 26-27 – Beef AgriBition, Lee County Agri-Center, Verona, MS. March 26 – 7 p.m. producer's seminar and supper. March 27 – Brangus Sale 12 p.m., BCIA Bull and Heifer Sale 2 p.m. Call Mike Howell, 662/566-2201.

March 31-April 3 - NCBA Washington Spring Conference.

April 17 - The Alabama Simmental Association will have a field day at the farm of William Mayfield. The field day will be geared toward the commercial cattlemen. There will be plenty of cattle for the people to see. Contact Mr. Mayfield at his office in Brent, Alabama at 205-926-4221.

May 14 & 15 - NCBA Region II Meeting, Maggie Valley, North Carolina.

May 21, 2004 - Beef Cattle Short Course presented by the American Breeds Coalition - Baseball pitching legend and cattleman, **Nolan Ryan**, will be the featured speaker at the short course, which will be held on the Hinds Community College campus in Raymond, MS. The theme for this short course is "Production Targets for Success in the Beef Industry." Speakers from Nolan Ryan Tender Aged Beef, Texas A&M University, Cactus Feeders, and Mississippi State University will address where Bos indicus cattle fit in the industry, the Nolan Ryan Tender Aged Beef program, Texas A&M Ranch to Rail program results, marketing alliances for small producers, electronic identification, and herd health and management practices to improve feeder calf value. Contact Jane Parish, Animal and Dairy Sciences, Mississippi State University at 662-325-7466.

Comments Please

Please contact your local County Extension Agent or County Cattlemen's Association Officers if you have comments, questions, or items you would like to see appear in this quarterly newsletter.

Thank you for reading and let us hear from you.