

THE LEADING EDGE

CATTLEMAN

Mississippi/Alabama Cattle Producers



**May 2003
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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

***LEADING EDGE ANNUAL TOUR SET
FOR JUNE 19TH***

The 5th Annual Leading Edge Cattleman's Tour is set for **Thursday, June 19th, beginning at 5:30 p.m.** The tour will look at the beef operations of Doug Yelverton and Barrett Fisackerly, located near the southwest Lowndes County Mississippi town of Artesia. (For those who attended the first tour in 1999 at Tom Wilburn's Farm, it is just across the road.)

The program will cover cow-calf management, stocker management, and retained ownership. Mr. Yelverton and his son have been involved in sending cattle to the feedlot since the early 1980's. They run approximately 250 brood cows and 500 stockers. Doug Yelverton was selected Commercial Cattleman of the Year two years ago by the Mississippi Cattlemen's Association and he is a past president of the Lowndes County Cattlemen's Association. They have been long-time participants in the Mississippi Farm-to-Feedlot program, similar to the Alabama Ranch-to-Rail project.

Barrett Fisackerly will be the other featured cattleman. Barrett was selected Young Farmer of the Year by Mississippi Farm Bureau. He is a young producer doing an outstanding job. He does custom farming for neighbors, runs about 100 brood cows and 500 stocker calves each year.

Blair McKinley, MSU Extension Service Beef Cattle Specialists, will also be on program to discuss the 14-year history of the Farm-to-Feedlot program. McKinley will also discuss

questions related to the Bovine Spongiform Encephalopathy (BSE) outbreak in Canada and its possible impact on U.S. production.

Bill Darnell, Hereford breeder and President of the Mississippi Hereford Association, from Caledonia, MS, will speak on selecting a bull for your herd.

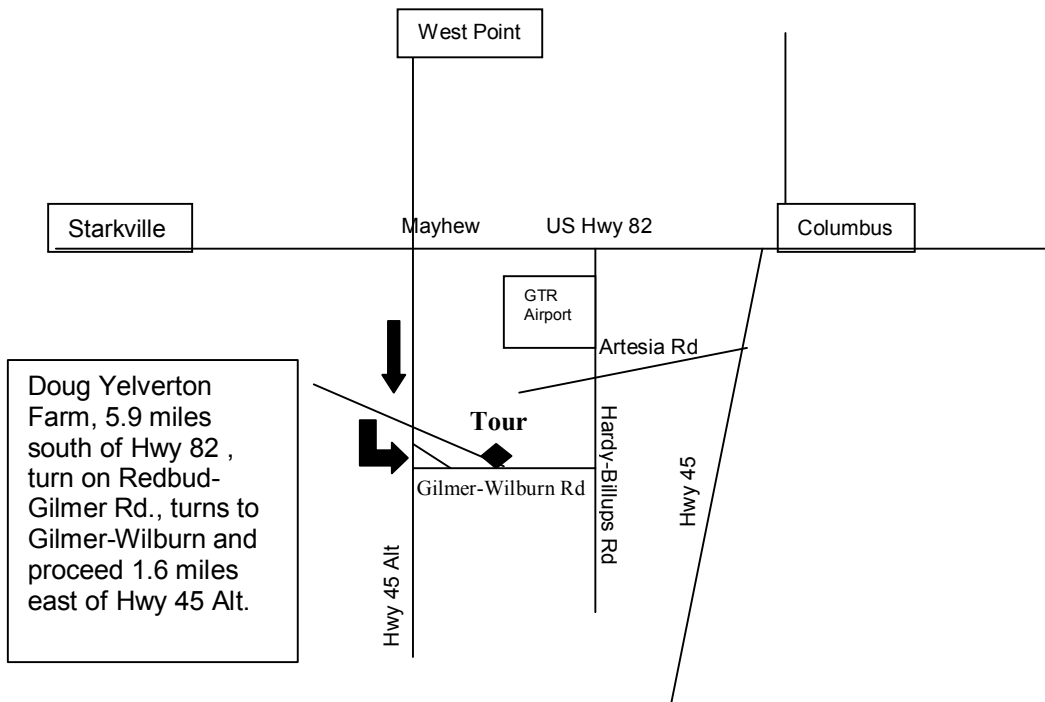
Lowndes County Cattlemen's Association is preparing the supper. You will need to call your local County Extension Service Office by June 13th to reserve your meal or you may call the Lowndes County Extension Office at 662/328-2111.

DIRECTIONS TO TOUR

Coming from Columbus, MS on U.S. Hwy 82 go 14 miles west, turn south onto U.S. Hwy 45 Alt, go 5.9 miles and turn east on Redbud-Gilmer Rd, to Gilmer-Wilburn Road for 1.6 miles to 6636 Gilmer-Wilburn Road. Coming from West Point you will stay on U.S. Hwy 45 Alt., crossing U.S. Hwy 82 and follow above directions. From Starkville go 9.5 miles east on U.S. 82, and turn south on U.S. Hwy 45 Alt and follow same directions as above. From Brooksville you will travel north 12.6 miles on U.S. Hwy 45 Alt. and turn east onto Redbud-Gilmer Rd. and proceed 1.6 miles to the Yelverton Farm. Signs will be posted on Hwy 45 Alt. and at the Yelverton Farm.

Those familiar with Lowndes County may turn south from U.S. Hwy 82, heading south at the GTR Airport Road, cross Artesia Road, turn west onto the Gilmer-Wilburn Rd. to the Yelverton Farm.

MAP TO DOUG YELVERTON FARM **6636 Gilmer-Wilburn Road** **2003 Leading Edge Tour Site, June 19th , 5:30 p.m.**



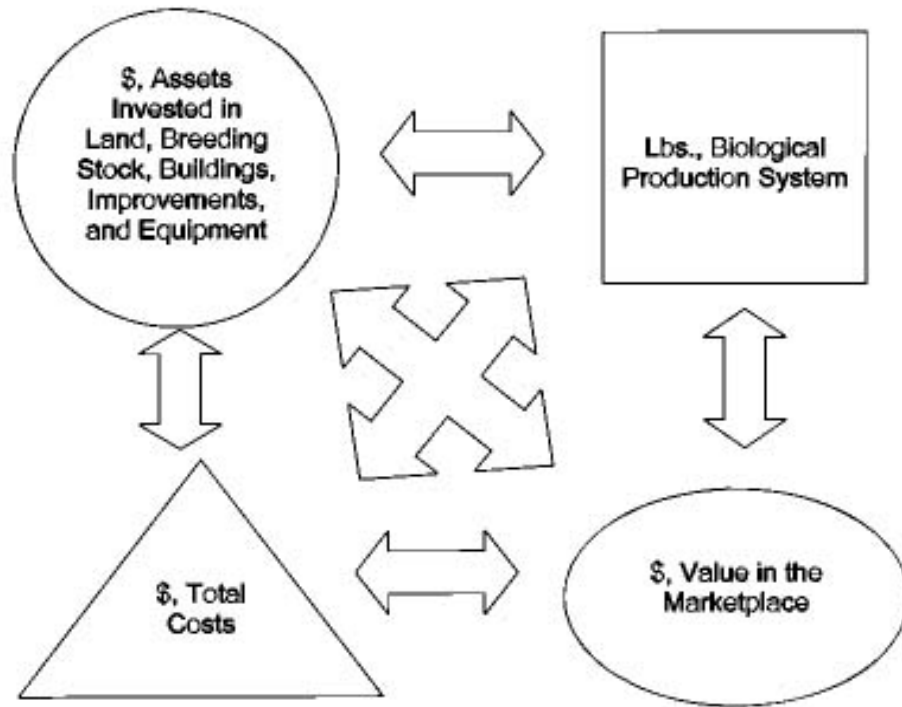


Integrated Resource Management

Webb Flowers
IRM Project Coordinator, MSU Extension Service

Cow-calf producers generally have a large investment in assets and commit many hours of labor to their beef operations. Generating a profit is typically not an exact science. The diagram below demonstrates elements of and relationships to cow-calf profitability. There are also a few profitability factors not directly mentioned that we as feeder calf producers may consider out-side of our control: weather, U.S. and global economy, catastrophic disease out-breaks, heavier finishing weights, and consumer attitudes and preferences.

With all of the major food animal disease problems world wide, we can all better appreciate/justify the investment that the U.S taxpayer contributes to USDA for disease control monitoring and research.



This diagram encourages us look at each element or aspect of the cow-calf business and the interfacing relationships. Integrated Resource Management in reality is inventorying the elements diagramed above and analyzing the relationships to assess profitability. The old adage “you can’t manage what you don’t measure” is as true today as it has ever been. If you would like to improve the profitability of your cow-calf operation, contact your County Extension office to enroll in the IRM program.





CATTLE MARKET OUTLOOK

John D. Anderson
Assistant Extension Professor
Mississippi State University Agricultural Economics

The biggest development in the cattle market in 2003 has been a fairly dramatic change in supply conditions since last fall. In most of 2001 and all of 2002, the fed cattle market was characterized by large showlists and heavy carcass weights. This was the result of a strong incentive for cattle feeders to hold onto cattle for as long as possible. Corn prices were at historically low levels, keeping cost of gain relatively low — even on heavy cattle. More importantly, futures prices were at a significant premium to cash prices, signaling feedlot managers to hold cattle in an effort to sell into an improving market.

In 2003, the incentive for feedlot managers has changed significantly. During the first quarter of 2003, fed cattle basis strengthened dramatically. That is, cash fed cattle prices improved relative to live cattle futures prices. In fact, for a period in early April, cash prices were as much as \$3.00/cwt higher than nearby futures prices. This created a strong incentive for feedlot managers to move cattle out of the feedlot as soon as possible. The response to this incentive has become readily apparent in a number of important ways. First, although on feed numbers are down significantly compared to the previous year, fed cattle slaughter has only been down slightly in most weeks. In fact, for the first quarter of 2003, total commercial beef production was only 1% below first quarter 2002 production. Second, the Choice/Select spread has become quite wide. For the second week of May, the average Select discount reported by USDA's Agricultural Marketing Service was over \$15.00/cwt (carcass basis). This is almost double the average spread since 1996 when USDA began collecting this data, and it is \$6/cwt higher than the spread from the same time period in 2002. The large value of the Choice/Select spread indicates that packers are having a hard time finding Choice cattle. This is consistent with a situation in which cattle are being pulled forward in the supply chain and marketed "green". Finally, and most importantly from a supply standpoint, carcass weights have dropped dramatically so far in 2003. At the beginning of the year, steer carcass weights were about 30 pounds heavier than the five-year average. By early May, steer carcass weights had fallen back to the five-year average. This is significant because it means that fewer total pounds of beef are going onto the market.

In addition to support from an improving supply situation, the cattle market has enjoyed support from continued strong demand. In spite of only slightly smaller beef production, as mentioned, cattle and beef prices have posted quite large year-over-year increases. This is indicative of improving demand.

The outlook for the cattle market continues to be generally positive. Both fed cattle and calf prices are likely to decline seasonally into the summer. Supplies should remain manageable, though the relatively large number of heavy feeders coming off of wheat pasture in March and April will put pressure on late summer prices. Prices on summertime futures contracts have been significantly discounted most of the year in anticipation of this situation. Thus, it is not likely that these prices will decline further. If marketings continue at anything near the current pace, fed cattle prices by fall have the potential to be very good. This strength in the fed cattle market should contribute to a good market for calves this fall.

It is believed that the expected expansion in cattle and calves inventory during the last two years did not develop due to lower cattle prices and widespread drought conditions. If widespread drought conditions continue during 2004, more cows are likely to be sold for slaughter or to new owners in states with adequate feed supplies.



CATTLEMAN'S CALENDAR

May 31 Beef/Cattlemen's Red Brangus Field Day, 9:30 a.m. until 2 p.m., Hidden Creek Ranch, 50074 Scribner Lake Road, Amory, MS, Monroe County Extension Office, 662/369-4951.

June 6 - 9 a.m. to 4 p.m., Mississippi Grazing School, Brown Loam Experiment Station, Raymond, MS, MS Forage and Grassland Council, \$40 registration, C/O Dr. Malcolm Broome, 1256 Sunset Drive, Starkville, MS by June 2, or call Butch Withers, 601/857-2284.

June 7 - 8:30 a.m. to 4 p.m., Hay Day, Brown Loam Experiment Station, Raymond, MS, 601/857-2284. free to the public.

June 12-14 - Louisiana Grazing Land Management Workshop, Amite, LA, \$75 per person, 985/543-6570

June 14 - Mid-South Charolais Sale, Holly Springs, MS

June 13-14 Region II, National Cattlemen's Beef Association Meeting, MSU Campus, Starkville, MS - Contact Miss. Cattlemen's Association at (601) 354-8951.

June 14 - 1 p.m., John Deere Hay Day, Richard Ware Farms, 1888 Hwy 389, Houston, MS, 1.5 miles south of Natchez Trace, call 1-800-227-7967 for details.

June 19 - Leading Edge Cattleman Tour, 5:30 p.m., Doug Yelverton Farm, Artesia, MS, Call Ed Williams 662/323-5916 or Brian Atkins - 662/328-2111 by June 16.

June 19 - Regional Country of Origin Labeling Law Listening Session, Baton Rouge, LA

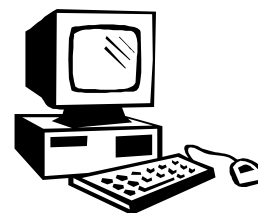
July 24 - Multi-County Cattlemen's Meeting (Estate Planning, Alternative Marketing, Country of Origin Label Issues) Wood College, Mathiston, MS, Reservations by July 12, call 662/323-5916

July 22-26 - 2003 Cattle Industry Summer Conference, Dallas, Texas, Contact NCBA at (303) 694-0305.



BEEF ELECTRONIC INFORMATION SITES

A great weekly e-newsletter called "Cow-Calf Weekly" is available from Beef Magazine. Go to <http://beef-mag.com/> and click on free email newsletter. It also has the site for the Hay & Forage Grower "e-HayWeekly". Other addresses you might want to visit are the NCBA "Newshub beef industry" website.



BSE INFO

You can contact NCBA at (202) 347-0228 or utilize the following web site to find the most up-to-date information, news stories, NCBA talking points, daily updates and statements on the current situation. <http://hill.beef.org/news>. You may also visit the BSE scientific information resource: www.BSEinfo.org

YOUR COMMENTS WELCOME

We strive to give you *Leading Edge Cattleman Newsletter* on a timely basis with more than just the run-of-the-mill information. We need your comments to tell us where we can improve, and what you would like included in your newsletter. Contact your local Extension Agent and ask them to pass along any suggestions or questions that you have. Thanks for reading this issue.