

Livestock Marketing Information Weekly

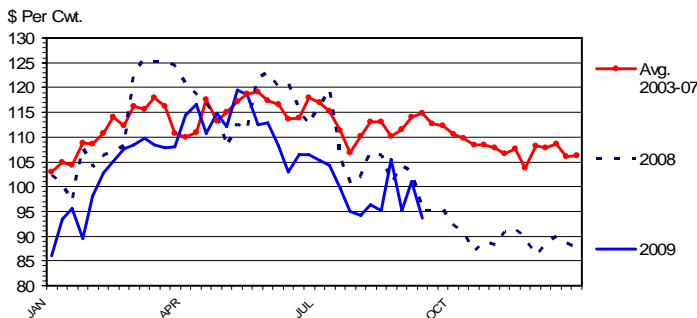
WSU Extension
<http://ext.wsu.edu>

Livestock Marketing Information Center
<http://www.lmic.info>

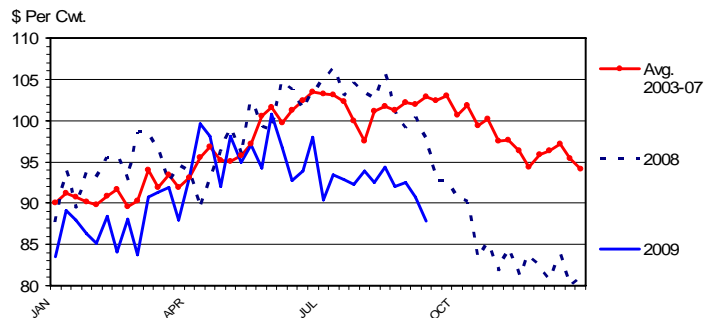


E-NEWSLETTER FOR WASHINGTON'S LIVESTOCK INDUSTRY

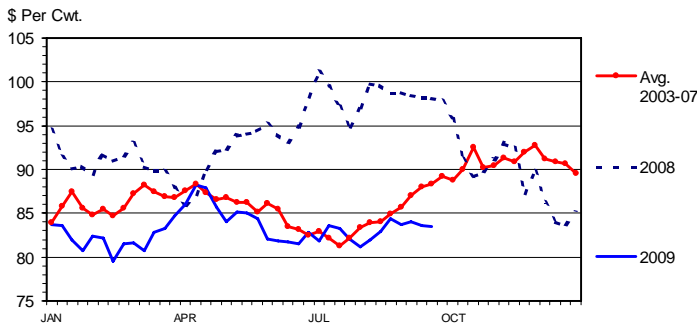
MED. & LRG. #1 & 2 STEER CALF PRICES
500-600 Pounds, Washington, Weekly



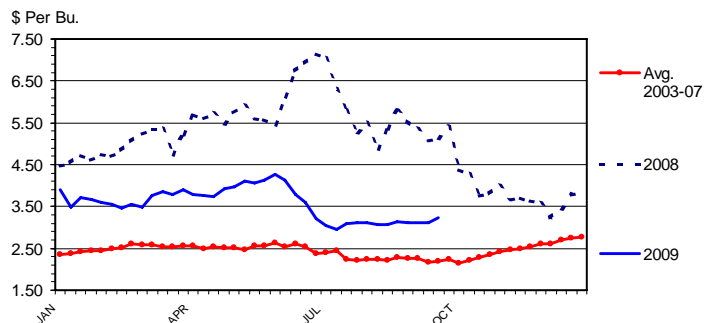
MED. & LRG. #1 & 2 FEEDER STEER PRICES
700-800 Pounds, Washington, Weekly



SLAUGHTER STEER PRICES
5 Market Weighted Average, Weekly



OMAHA CORN PRICES
Weekly



(All graphs courtesy of the Livestock Marketing Information Center – [lmic.info](http://www.lmic.info))

this week in the cattle markets – Darrell Mark, UN-L (sep 28)

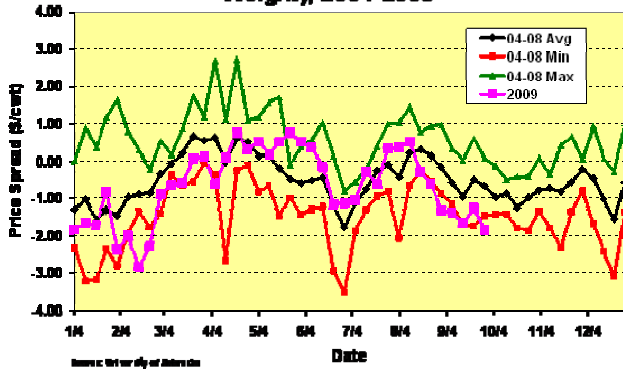
The Northern Discount

Dr. Feuz discussed heavy steer carcass weights in last week's edition of In the Cattle Markets, which are especially prevalent in Northern Plains feedlots right now. One of the consequences of large (oversized) carcass weights are price discounts, and it's one of the contributing factors to prices in the Northern Plains trading at a larger-than-usual discount to the Southern Plains in recent weeks.

On average, Nebraska direct slaughter steer prices have been \$0.53/cwt lower than Texas/Oklahoma direct slaughter steer prices from 2002 to 2008, but there is a seasonal pattern to the NE-TX discount that varies, on average from Nebraska prices being \$1.50/cwt lower to \$0.58/cwt higher than Texas

prices. As shown in the black line on Figure 1, Nebraska prices typically trade at a premium to Texas/Oklahoma prices during March and April and again in August. Seasonally, Nebraska prices are discounted to the south in the fall and winter months. And, as typically happens during August and September, Texas/Oklahoma prices have gained on Nebraska significantly in recent weeks. In fact, the spread has dropped from \$0.52/cwt (Nebraska minus Texas) during the second week of August to -\$1.86/cwt last week. This is about a \$1/cwt weaker spread than normal and below the minimum observed from 2004 to 2008 (see the pink line on Figure 1).

Difference Between Nebraska and Texas/Oklahoma Direct Steer Price (Live Weight), 2004-2009



There are several factors contributing to the steeper than normal decline in the NE-TX spread this past month. First, cattle numbers appear to be running below year-ago levels in the Southern Plains, causing packers to have to bid more aggressively to keep plants running at optimal levels. Some of the reduction in cattle marketings is a function of closed feedyards in New Mexico, as suggested in the last USDA Cattle on Feed report. Secondly, weather for feeding cattle in Nebraska, Iowa, and South Dakota have been near ideal this summer, without significant stretches of hot, humid weather to limit gains. Thus, cattle performance has been above average and cattle have reached heavier weights more quickly than cattle feeders planned. This was likely exacerbated by feeders trying to delay marketing some cattle due to lower-than-expected market prices. A third reason for the wider spread is due to cheaper cost of gain in the Northern Plains versus the Southern Plains. Over the past couple of years as corn and feedstuff prices quickly escalated,

feeding cost of gain often averaged about \$10/cwt less in the north, prompting feeders to place proportionately more cattle in the north than the south. Doing so is likely resulting in more cattle to be marketed in the Northern Plains now.

Will this trend continue? At least through corn harvest, with an historically large crop in the Western Corn Belt to weigh on prices and basis levels, cattle feeders will have an incentive to add weight to cattle in the north at less expensive prices. And, with weather conditions appearing excellent this fall, it's likely we'll see these prices nearer their historical lows for the next several months.

The Markets

The fed cattle trade that developed last Thursday at prices that were mostly steady with the previous week. Live prices averaged \$83.49 and dressed prices averaged \$129.54 in the 5-area market. Again last week, substantial discounts in the \$15-20/cwt range were applied to carcasses weighing more than 1,000 lbs, particularly in the north. Choice boxed beef values were down about \$1.50/cwt last week, and the Choice-Select spread narrowed about \$1/cwt. Yearling steer prices were generally \$0.50-1.50 lower in Nebraska and Oklahoma last week. Calf prices, however, were up about \$2/cwt in Nebraska and dropped about \$4 in Oklahoma. Last Thursday, corn prices in Omaha averaged \$3.24/bu, up about a dime from the previous week. Distillers grain prices seem to be rebounding from their seasonal low, with DDGS prices averaging \$100/ton in Nebraska (82% of the corn price on a dry matter basis) and WDGS were up \$2.50/ton at \$31/ton (65% of the corn price on a dry matter basis). (See prices or archived articles at

<http://lmic.info/memberspublic/pubframes.html>)

LMIC Livestock Monitor (September 25, 2009)

Production			Prices			
	Last	Year Ago	Weekly Weighted Avg.	Last	Week Ago	Year Ago
Week Ending 9/26/2009			Live Steer	83.51	83.57	97.81
FI Cattle Slaughter (Thou Hd)	649	660	Dressed Steer	129.58	129.68	151.54
FI Hog Slaughter (Thou Hd)	2346	2346	Beef Cutout (Choice 600-900)	140.48	142.04	158.60
FI Sheep Slaughter (Thou Hd)	53	49	USDA Hide/Offal (\$/Cwt)	8.84	9.22	11.64
Live Y. Chicken Sl. (Mil Hd)	163.5	165.9	GA Auction Fdr. Str. (6-7 Cwt.)	85.72	86.23	91.26
Slaughter Cattle Live Weight	1305	1305	Iowa/S. Minn. Base Hog (Wtd. Avg)	49.56	50.83	71.39
Slaughter Hog Live Weight	270	267	Natl. Net Hog Carcass (Wtd. Avg)	54.77	54.60	72.39
Slaughter Lamb/Sheep Live Wt.	134	132	Feeder Pigs (40-50 Lbs)	28.80	29.17	33.50
Beef Production (Mil Pounds)	513.1	522.2	Pork Cutout	55.42	56.91	75.01
Pork Production (Mil Pounds)	471.4	467.3	Lamb Cutout (\$/Cwt)	216.08	216.07	238.89
Lamb, Mutton Prod. (Mil Lbs.)	3.5	3.2	Corn, Omaha (\$/Bu)	3.21	3.02	5.26
Previous 6 Wk. Moving Avg.			Wheat, Portland (\$/Bu)	4.38	4.44	6.38
Total Beef (Mil Lbs)	504.7	516.4	Wheat, Kansas City (\$/Bu)	4.17	4.20	6.96
Total Pork (Mil Lbs)	448.6	443.7	Soybeans, S. Iowa (\$/Bu)	9.41	9.49	11.19
Total Lamb, Mutton (Mil Lbs)	3.1	3.1				

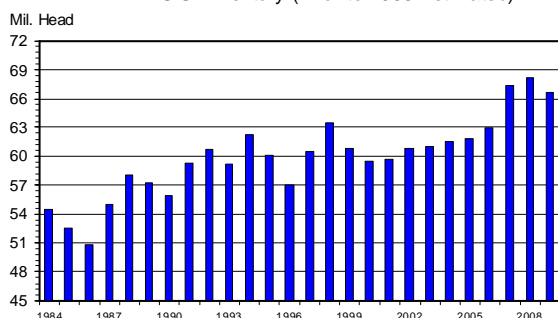
Source: Various USDA-AMS reports. Some data are preliminary.

QUARTERLY HOGS AND PIGS SHOWS CONTRACTION

According to the September 1 Quarterly Hogs and Pigs report, released on Friday, September 25th by USDA-NASS, the total number of hogs and pigs in the U.S. was 66.6 million head versus 68.2 million in 2008, a 2.3 percent year-to-year decline. It appears, hog producers have entered into contraction mode and producer intentions suggest further reductions in the breeding herd in the months ahead. However, gains in productivity (pigs per litter, slaughter weights) continue to offset some of the declines in sow numbers.

SEPTEMBER 1 ALL HOGS AND PIGS

U.S. Inventory (Prior to 1988 Estimated)



As of September 1st, the breeding herd was reported at 5.87 million head, which was down 3 percent from last year but only slightly below the 2007's. On a quarterly basis, hog producers reduced the breeding herd by 2 percent. Of note, recent sow slaughter data indicate that the breeding herd continued to shrink some during the month of September. In the June to August quarter, producers farrowed 3.5 percent less sows than a year earlier, but with another record number of pigs per litter (9.70), the pig crop was down only about 2 percent. According to the report, producers intend to farrow 3 percent less sows in the fall and winter quarters than a year ago, however that number may actually be lower as the market has not improved since the surveys were distributed.

Slaughter hog supplies are forecast to be below a year ago for the balance of 2009, as the number of market hogs at 60.75 million head was 2 percent or 1.4 million head less than 2008's. Of interest, the number of market hogs was larger than reported on June 1st, which may indicate that fewer gilts are in the breeding herd pipeline than normal. In addition, U.S. slaughter hog imports from Canada are expected to remain below a year earlier for the balance of 2009.

LMIC is forecasting that U.S. hog slaughter for 2009 will be down about 3 percent from last year, but still the second largest on record. For the year, pork production should be down about 1 to 2 percent as heavier hog weights this summer have offset some of the decline in hog numbers. Normally, tighter supplies would be supportive of hog prices, however domestic and foreign pork demand will remain sluggish. Thus for calendar year 2009, slaughter hog prices are forecast to be about 13 percent below 2008's. Current

LMIC forecasts indicate year-to-year increases in slaughter barrow and gilt prices will not occur until the second quarter of 2010. Even with corn prices below a year ago, farrow-to-finish profits look to remain in the red well into 2010.

COLD STORAGE

On Wednesday, September 22nd, USDA-NASS released the monthly Cold Storage report, which reported ending stocks of red meat at the end of August were slightly larger than last year, the result of a larger supply of frozen pork items. However on a monthly basis, frozen stocks of red meat were down about 4 percent from the end of August. As expected, frozen supplies of poultry were below a year ago, while frozen turkey stocks seasonally increased. Overall, frozen stocks of meat and poultry, especially pork, were a little below expectations.

As of August 31st, frozen stocks of beef totaled 426 million pounds, down around 3 percent compared to the same time last year and the 2003-2007 average as well. Frozen supplies of bone-in beef cuts were nearly 20 percent smaller than last year, while boneless beef cuts were just a tad smaller than 2008's (less than a half percent). From the end of July to the end of August frozen stocks of beef declined about 4 percent.

Stocks for pork in cold storage at 518 million pounds were 3 percent larger than last year and 23 percent above the prior five-year average at the end of August. Faced with sluggish demand in the domestic and export markets, pork stocks have continued to build compared to a year earlier. On a per item basis, the largest year-to-year increase was in bellies (up 54 percent), followed by spareribs (up 19 percent), variety meats (up 12 percent), with trimmings up about 8 percent. Of note, total stocks of frozen ham were down 16 percent mostly due well below year ago stocks of bone-in hams, at the same time total loins were 19 percent smaller at the end of August versus last year, while bone-in butts and picnics were down 17 and 12 percent respectively.

According to the report, frozen chicken stocks were down 15 percent from the end of August last year at 642 million pounds and 6 percent smaller than the 2003-2007 average. On a monthly basis, chicken stocks declined by about 39 million pounds from July to August. Frozen stocks of turkey continue to be larger than a year ago, with stocks as of August 31st up 2 percent from 2008's, as product for processing further built-up as well as supplies of birds for the holiday season.

MONTHLY PRODUCTION NUMBERS

Year-to-year adjustments in red meat and poultry production provide important insight into the supply status of markets. Recently, USDA-NASS released two monthly slaughter reports. In August, U.S. pork production was above a year ago, while production of most other red meats and poultry significantly declined. Those production levels have influenced live animal prices.

In the red meat complex, U.S. commercial pork production in August at nearly 1.9 billion pounds was record large for the

month and 4 percent above a year ago. Much of that year-to-year increase was due to carcass weights, that is, hog slaughter was up about 1 percent but weights increased nearly 3 percent (commercial live weight was up 7 pounds). In contrast to more pork being produced in the U.S., beef production posted a year-to-year decline in August. Even though cattle weights were above a year ago (commercial live weight up 9 pounds), beef production was 4 percent below a year earlier due to reduced head slaughtered. In August, lamb production was unchanged compared to 2008's and veal declined about 6 percent.

During August, U.S. poultry production (ready-to-cook basis) was just over 3 percent below a year ago. Within the poultry complex, percentage declines from 2008's were largest for turkey, as in August chicken production was down over 2 percent while turkey was down over 9 percent.

<http://lmic.info/memberspublic/pubframes.html>

Grimes & Plain cattle outlook

Feeder steers and heifers at Oklahoma City this week were steady with a week earlier. Steer and heifer calves were steady to \$3 per cwt lower than seven days earlier.

The prices by weight group for medium- and large-frame Number One steers were: 400-500 pounds \$103.50-121.50 per cwt, 500-600 pounds \$97.50-\$114.50 per cwt, 600-700-pound calves \$84-102.25 per cwt, 600-700-pound yearlings \$95-\$105.25 per cwt, 700-800 pounds \$94-101 per cwt and 800-1,000 pounds \$87.75-95.75 per cwt.

Demand for beef continues weak with a two percent loss in our demand index for January-August. Demand for beef through the hotel and restaurant trade is believed to be down more than the demand for beef eaten at home. The demand for live fed cattle for January-August was down sharply in 2009 compared to 2008. Our demand index for live fed cattle shows a loss of 8.5 percent for January-August this year compared to last year.

Breeding cow prices are showing a very modest premium to slaughter cows. Cows pretested for pregnancy and age, average quality blacks, 2-3 years old weighing 1,000-1,175 pounds sold from \$730-770 per head this week at Oklahoma City.

Cow slaughter continues to run near a year earlier with dairy cow slaughter up and beef cow slaughter down. For the year though the week ending September 15, total cow slaughter was up 0.2 percent, dairy cow slaughter up 13.3 percent and beef cow slaughter down 9.2 percent compared to the same period last year.

Wholesale beef prices this Friday morning showed Choice beef at \$134.95 per cwt, down \$4.14 per cwt from a week earlier. Select beef at \$130.74 per cwt was down \$1.85 per cwt from seven days earlier. The weighted average live fed

cattle prices for the five-market area through Thursday at \$82.07 per cwt was down \$1.44 per cwt from last week. The weighted average negotiated carcass price for the five-market area through Thursday at \$127.63 per cwt was down \$1.95 per cwt from a week earlier.

Slaughter this week under Federal Inspection was estimated at 635 thousand head, no change from a year earlier. (<http://agebb.missouri.edu/mkt/bull2c.htm>)

Grimes & Plain hog outlook

The September Hogs and Pigs report came in a little more bullish than the trade estimates. Total number of hogs and pigs was down 2.3 percent, kept for breeding was down 3.1 percent according to USDA, and the market inventory was down 2.2 percent. The futures market responded by showing relatively small gains both Monday and Tuesday.

USDA revised upward their estimate of the number of litters farrowed during December to February 2009 by 1.5 percent and the pig crop for those months by 1.6 percent. This brought the June market hog inventory more in line with summer hog slaughters. USDA revised upward the 60 to 170 pound market inventories in June by 0.7 percent in the September report.

In recent reports, the USDA has estimated the number a little below the trade estimate but actual marketings on average have been above trade estimates. We must remember the USDA estimates are based on a sample and the trade estimates are based on other statistics and opinions. Therefore, both estimates are subject to error. We certainly hope the USDA's September estimates are the correct ones.

Our domestic demand index for pork for January to August was up 3.9 percent at the consumer level, but live hog demand was down 4.7 percent for these eight months compared to a year earlier. The weaker live hog demand than consumer demand was due to the 20 percent smaller exports in 2009 than 2008.

Pork product cutout this week on Thursday afternoon at \$54.33 per cwt was up \$0.70 per cwt from a week earlier. Loins at \$68.51 per cwt were down \$1.15 per cwt, Boston butts at \$50.40 per cwt were down \$2.16 per cwt, hams at \$48.46 per cwt were up \$5.60 per cwt and bellies at \$66.36 per cwt were down \$1.47 per cwt compared to seven days earlier.

Feeder pig prices were \$3.00 to \$6.00 per head higher again last week. This is the third consecutive week with good gains in feeder pig prices. The average price for 50 to 54 percent lean 10-pound pigs was \$25.89 per head. The average for 50 to 54 percent lean 40-pound pigs was \$28.30 per head. The formula price for 10-pound pigs was \$33.12 per head, and the formula price for 40-pound pigs was \$39.31 per head. The

cash or negotiated price for 10-pound pigs was \$23.29 per head and 40-pound pigs was \$27.43 per head.

Live barrow and gilt weights in Iowa-Minnesota last week at 268.5 pounds were up 0.3 pound from a week earlier and up 3.9 pounds from a year earlier.

It is believed that a substantial portion of the heavier weights this summer has been due to the cooler than normal temperatures in July and August. If so, we will continue to get weights closer to a year earlier as we go through the fall but weights are likely to continue some above a year earlier.

Unless we can get substantial growth in demand for live hogs, the red ink being experienced by producers will likely continue on average through 2010.

Live hog prices Friday morning were \$0.75 lower to \$1 per cwt higher compared to a week earlier. Weighted average negotiated carcass prices Friday morning were \$0.31-2.03 per cwt lower compared to seven days earlier.

The top live prices Friday morning were Peoria \$30 per cwt, Zumbrota, Minnesota, \$32 per cwt and interior Missouri \$35 per cwt.

The weighted average negotiated carcass prices Friday morning by area were western Cornbelt \$48.39 per cwt, eastern Cornbelt \$45.44 per cwt, Iowa-Minnesota \$48.47 per cwt and nation \$46.09 per cwt.

Slaughter this week under Federal Inspection was estimated at 2,329 thousand head, up 0.1 percent from a year earlier. (<http://agebb.missouri.edu/mkt/bull1c.htm>)

pnw dairy monitor (september 2009)

In the September Feed Outlook report by USDA-ERS, forecast U.S. feed grain supplies for 2009/10 are increased with higher

corn production, reflecting favorable growing conditions for corn across the western Corn Belt and the northern half of the Great Plains. Corn yields are expected to reach a new record. With larger feed grain production, all 2009/10 feed grain prices are projected lower. Corn production in 2009 is forecast at 12.954 billion bushels, up 193 million bushels from last month and 853 million bushels above 2008. Based on September 1 conditions, the average corn yield is forecast at a record 161.9 bushels per acre, compared with 159.5 bushels per acre last month and actual 2008 yield of 153.9 bushels per acre. Reflecting increasing supplies, the forecast corn price for 2009/10 is lowered 25 cents on the high end of the range, and lowered 5 cents on the low end of the range to \$3.05- \$3.65 per bushel. In 2008/09, the season average price received by farmers is expected to be \$4.08 per bushel.

With the decline in feed costs of both forages and grains, and a still optimistic futures projection of milk prices the cost-price squeeze will hopefully begin to lessen as we move into fall. Although cold storages are plentiful with dairy products, with schools in session and the holiday buying season opening up some of the surplus could move to market and give support to prices.

Corn prices are nearing what may be the lows for the year. Some reports of local corn belt prices being at \$2.70 or less may represent opportunities that won't last for long or be seen again for awhile.

While some optimism is justified, caution is still the watchword. While the impact of the recession may be lessening the economy is still in ill health. Any recovery will be long and slow. That will continue to keep a lid on demand as unemployment will continue to rise well into 2010. Many companies will be reluctant to add jobs until they see a clear picture of increased demand. That is quite a ways off. (Full report at http://www.ag.uidaho.edu/aers/r_PNW.htm.)

USDA MARKET NEWS – MOSES LAKE

Washington feeder cattle report

(Davenport & Toppenish) Compared to last week, feeder cattle weak to 5.00 lower. Slaughter cows 1.00-2.00 higher. Slaughter bulls 1.00-3.00 lower. Slaughter cows made up 45 percent of the offering; Slaughter bulls 5 percent, Replacement cows 10 percent, and feeders 40 percent of the supply. The feeder supply included 51 percent steers and 49 percent heifers. Near 52 percent of the run weighed over 600 lbs. http://www.ams.usda.gov/mnreports/ml_ls795.txt

Columbia Basin hay report

Compared to last week: Premium and Supreme hay not recently well tested, however a higher undertone was noted on fourth cutting. Fair and Good Alfalfa traded steady to firm. All classes of Export hay traded fully steady. Retail hay sold steady. Volume has been increasing the last week as weather

begins to get cooler across the state. Buyer demand moderate to good for Premium and Supreme dairy hay, moderate for Retail and Export hay, and light for all other classes. Most producers in the Basin are just finishing or have finished their final hay harvest of the year this week. Alfalfa hay \$80-160, details:

http://www.ams.usda.gov/mnreports/ml_gr310.txt

national feeder & stocker cattle summary

Compared to last week, feeder cattle and calves sold weak to 3.00 lower with some mid-to-late week auctions reporting even sharper losses. Direct trade was very light, again this week, with sellers passing bids that were 2.00-3.00 lower than the ones they passed up last week. All classes of cattle and beef markets posted significantly lower prices for the

week; with Live and Feeder futures over 3.00 lower, cash fed cattle trading 1.50-2.00 lower, Choice boxed beef cut-out values 3.89 lower, and even the average drop (hide and offal) value fell nearly .50 to 8.35 cwt which is 3.09 lower than the same time a year ago. Plus, yet another dairy buyout program has been announced for this year. Most cattle feeders have now given up on getting the finished market up to 90.00, as all the out-front CME contracts are the low to mid 80.00's with the exception of December 2010 which is currently trading at 88.50. Feedlot replacement buyers are now determined to buy feeder cattle well below 100.00 and hope they feed for close to .60/lb cost of gain (or better) to try and scratch out a profit. One bright spot for the cattle feeder has been the outstanding performance of cattle over the last several months. Many cattle that were put on feed early in the mild summer and expected to gain a little over 3 lbs/day, actually put on over 4 lbs/day which has caused much of the heavyweight problems in the Northern Plains. The heavy carcasses (over 1000 lbs) that these big cattle are yielding have caused increased pressure to the already pressurized finished market. Many of the typical dressed sales of eastern Nebraska showlists are actually now considered to be negotiated grid pricing as discounts (mostly 15.00-20.00 cwt dressed) are routinely imposed, however some packers are using a 10 percent tolerance of heavyweights as a bargaining tool. Wheat grazing backgrounders have yet to fully enter the lightweight calf market and farmer feeders remain mostly quiet, as both are pre-occupied with their farming operations. Wheat pastures should be stocked by early November and independent feeders want cattle delivered as soon as the last load of grain is hauled from the field, but both would like to wait until a hard freeze which normally cuts down on sickness problems. Value added calves were a hot commodity in Burwell, NE, last Friday as a 200 head string of 495 lb process verified steers brought 122.00, while their 550-700 lb brothers traded from 113.00-115.50. The top sellers were actually a reputation crop of light red/dark yellow hid

calves that were pre-conditioned (which means vaccinations – but unweaned in the upper Midwest). This week's reported auction volume included 47 percent over 600 lbs and 43 percent heifers. This week's prices are on the web at:

http://www.ams.usda.gov/mnreports/sj_ls850.txt

nw direct feeder cattle summary

Compared to last week's close, feeder cattle 2.00-3.00 lower. Trade slow to moderate with light to moderate demand as most buyers are avoiding buying un-weaned calves at this time. The feeder supply included 40 percent steers and 60 percent heifers. Near 92 percent of the run weighed over 600 lbs. Prices are FOB weighing point with a 1-4 percent shrink or equivalent and with a 5-10 cent slide on calves and a 3-6 cent slide on yearlings. Delivered prices include freight, commissions and other expenses. This week's prices are on the web at:

http://www.ams.usda.gov/mnreports/ml_ls135.txt

national sheep summary

Compared to last week slaughter lambs mostly steady, instances 1.00-3.00 higher; slaughter ewes steady; feeder lambs steady to 4.00 higher. At San Angelo, TX 8205 head sold in a one day sale. Equity Electronic Auction sold 595 slaughter lambs in Wisconsin and North Dakota. In direct trading slaughter ewes and feeder lambs steady. 3400 head of negotiated sales of slaughter lambs were firm and 19,300 head of formulated sales were 1.00-2.00 lower. 10,579 lamb carcasses sold with 65 lbs and down higher; 65 lbs and up .10-1.83 lower. (All sheep sold per hundred weight (CWT) unless otherwise specified.) This week's prices are on the web at:

http://www.ams.usda.gov/mnreports/sa_ls855.txt

superior video

http://www.ams.usda.gov/mnreports/am_ls753.txt

NEWS

La Cense Beef gets first U.S.D.A. 'Grass-Fed Beef' seal

(MEATPOULTRY.com, October 02, 2009) by Erica Shaffer

DILLON, MONT. — La Cense Beef, a cattle ranch focused on raising Black Angus cattle for direct-to-consumer beef sale, announced the U.S. Department of Agriculture has designated it as the first beef producer in America to meet the agency's "Grass-Fed Beef" standard. The company said it successfully completed an auditing process by third-party Verified Beef to achieve the certification. The process included reviewing all ranching practices, its structure and management, training of employees, the inspection of all feeds, records and labels and the administration of all foods and drugs. The U.S.D.A. launched the grass-fed standard as a way to verify companies claiming to raise cattle to be 100% grass fed are able to prove that claim. Under the standard, cattle may consume only grass and forage throughout their lifetimes, with the exception of milk prior to weaning, cannot be fed any grain or grain by-products and must have continuous access to pasture. The U.S.D.A.'s first certification underscores the emphasis consumers are placing on healthier, more humane and environmentally responsible alternatives to traditional feedlot, mass food production, the company said.

ERS REPORT: COMMODITY COSTS AND RETURNS DATA

USDA has estimated annual production costs and returns and published accounts for major field crop and livestock enterprises since 1975. Cost and return estimates are reported for the U.S. and major production regions for corn, soybeans, wheat, cotton, grain sorghum, rice, peanuts, oats, barley, sugarbeets, tobacco, milk, hogs, and cow-calf. These cost and return accounts are historical accounts based on the actual costs incurred by producers during each year.

Released Thursday, October 1, 2009

See <http://www.ers.usda.gov/Data/CostsAndReturns/>

ERS REPORT: MARKETING U.S. ORGANIC FOODS: RECENT TRENDS FROM FARMS TO CONSUMERS

Organic foods now occupy prominent shelf space in the produce and dairy aisles of most mainstream U.S. food retailers. The marketing boom has pushed retail sales of organic foods up to \$21.1 billion in 2008 from \$3.6 billion in 1997. U.S. organic-industry growth is evident in an expanding number of retailers selling a wider variety of foods, the development of private-label product lines by many supermarkets, and the widespread introduction of new products. A broader range of consumers has been buying more varieties of organic food. Organic handlers, who purchase products from farmers and often supply them to retailers, sell more organic products to conventional retailers and club stores than ever before. Only one segment has not kept pace—organic farms have struggled at times to produce sufficient supply to keep up with the rapid growth in demand, leading to periodic shortages of organic products.

Released Wednesday, September 30, 2009

See <http://www.ers.usda.gov/Publications/EIB58/>

CWT ANNOUNCES THIRD HERD RETIREMENT OF 2009

Maximum Level of Bids Again Capped At \$5.25; Two-Week Window to Participate

ARLINGTON, VIRGINIA – Cooperatives Working Together is implementing its third herd retirement in 2009, effective October 1, 2009. All bids submitted must be postmarked no later than October 15, 2009. This is the fourth herd retirement that CWT has conducted in the past 12 months. “The herd retirement of late 2008, plus the two herd retirements so far in 2009, have removed 226,000 cows from the nation’s dairy herds,” said Jerry Kozak, President and CEO of the National Milk Producers Federation, which manages Cooperatives Working Together. “Those efforts have helped adjust the supply of milk more in line with demand. This third herd retirement of 2009, along with a stabilizing global economy, should further accelerate the recovery in dairy farmers’ prices.” As with past herd retirements, producers wishing to submit bids into the program must have been members of CWT, either through their membership in a CWT member cooperative or as an individual, effective January 2009. Producers whose bids were selected in previous herd retirements will not be eligible to bid again. This round will once again include a bred heifer option.

The maximum bid CWT will consider is \$5.25 per hundredweight of milk, which was the same bid ceiling as the previous round. CWT will select bids beginning with the lowest bid with consistent milk production. However, given budgetary considerations, there is no guarantee that every producer submitting a bid up to the maximum \$5.25 bid level will be accepted, cautions Jim Tillison, CWT’s Chief Operating Officer. As with the two previous herd retirements of 2009, producers whose bids are accepted in this herd retirement will be paid in two installments: 90% of the amount bid times the producer’s 12 months of milk production (from September 1, 2008, through August 31, 2009) when it is verified that all cows have gone to processing plants. The remaining 10% plus interest will be paid at the end of 12 months if neither the producer nor the dairy facility – whether owned or leased – go back into the commercial production and marketing of milk during that period. Once the bid selection process is completed, farm audits should begin the first week of November and be completed by early December. “While NMPF continues to work on long-term solutions to make positive changes in the economic structure of the dairy industry, this latest in the series of herd retirements that CWT has implemented will, along with the other actions NMPF has taken, help provide needed relief to dairy farmers need now,” said Kozak. Bid forms for both the herd retirement and the bred heifer option, a bid calculator, as well as the answers to frequently asked questions, are available on the CWT website, www.cwt.coop.

China's Share of AU Wool Market Set to Reach 80 Percent

China's dominance of the Australian market is continuing to grow, with Australia's wool export data to be released next week expected to show that China is now importing around 80 percent of Australia's wool. At this week's sale, China led the auction room activity once again, with the ongoing concerns over low supply, together with demand from China, the major factors in what was another strong week for the market. The Wool Exchange's Eastern Market Indicator (EMI) closed Thursday at 846 Australian cents/kilogram clean, up 7 cents/kilogram from last week, following last week's rise of 26 cents. The EMI is now at its highest point since last October. In U.S. dollars, the market was up 3 cents, with the Australian dollar lifting marginally from 87.5 U.S. cents last Thursday to 87.6 U.S. cents yesterday, before dropping slightly to 87.1 U.S. cents today. Analysts are expecting the Australian dollar to remain above the 80 U.S. cent mark for the foreseeable future, due largely to the current strength of the Australian economy. Prices for wools of 19.5 microns and upward all lifted, while those for finer wools dropped slightly. Analysts said that, due to the extent of China's dominance, and the continuing low level of activity from Europe, there were no real premiums for the finer wools

again this week. Experts are predicting that China's dominance will continue, though they are also hinting that as stocks in China start to build, it may start to hold back slightly. "Australia's dependency on a single market is a concern. Any sort of barrier to trade would be extremely hard on the wool industry," commented Rita Kourlis Samuelson, international wool marketing director for the American Sheep Industry Association. "In the past, China has abruptly changed its wool imports for various reasons: quota limitations 'unexpectedly' being met before the end of the year, SARS, reductions in manufacturing before the 2008 Olympics, etc." *Reprinted in part The Wool Record Weekly*

Ag and Carbon Sequestration

Agricultural Land Tenure and Carbon Offsets examines the potential role that land ownership might play in determining the agricultural sector's involvement in carbon sequestration programs. By estimating the carbon sequestration potential of agricultural producers who own most of the land they operate, this report finds that land ownership should not be a constraining factor in agriculture's ability to provide carbon offsets. The U.S. Department of Agriculture's Economic Research Service's 6-page report is available at www.ers.usda.gov/Publications/EB14/EB14.pdf.

OTHER RESOURCES

USDA market news reports for individual PNW auctions

Klamath Livestock Auction (Klamath Falls, OR)
http://www.ams.usda.gov/mnreports/JO_LS140.txt
Stockland Livestock Auction (Davenport, WA)
http://www.ams.usda.gov/mnreports/ML_LS756.txt
Toppenish Livestock Auction (Toppenish, WA)
http://www.ams.usda.gov/mnreports/ML_LS754.txt

USDA Market News: www.ams.usda.gov

Selected PNW livestock auction home pages

Central Oregon Livestock Auction (Madras, OR)
<http://www.centraloregonlivestockauction.com/marketreports.htm>
Producers Livestock Marketing Association
(Vale, OR & Jerome, ID)
<http://www.producerslivestock.com/>
Stockland Livestock Exchange (Davenport, WA)
<http://www.stocklandlivestock.com/>
Lewiston Livestock Market (Lewiston, ID)
<http://www.lewistonlivestockmarket.com>

Video auction home pages

Superior Livestock Auction
<http://www.superiorlivestock.com/>
Western Video Market
<http://www.wvmcattle.com/>
Northern Livestock Video Auction
<http://www.northernlivestockvideo.com/>

Hot topics

WSU Avian flu
<http://anr.wsu.edu/AvianFlu.htm>
WSU - West Nile Virus
<http://wnv.wsu.edu/>
Northwest Pilot Project (AID)
<http://www.northwestpilot.org/>
USDA National Animal Identification System
<http://animalid.aphis.usda.gov/nais/index.shtml>
NCBA BSE page
<http://www.bseinfo.org/>
USDA Country-of-origin labeling
<http://www.ams.usda.gov/cool/>

The most recent editions of this newsletter are posted on the WSU Extension Central Washington Animal Agriculture Team website (<http://animalag.wsu.edu>). In this newsletter, clicking on a link will open the website containing the report or will load the PDF from the web in your browser window. If you have any problems please email me at HUDSONT@WSU.EDU. Several of the articles are in Adobe Acrobat (PDF) format, and you may need Adobe Reader 7 or 8 for the hotlinks to work. Go to <http://www.adobe.com/products/acrobat/readstep2.html> to download Adobe Acrobat Reader for free. To subscribe automatically, send a blank email to SUBSCRIBE-livestockmarkets@lyris.cahnrs.wsu.edu.

Tipton D. Hudson

WSU Extension – Kittitas County
Director, Rangeland & Livestock Management
507 Nanum St., Rm. 2, Ellensburg, WA 98926-2886
(509) 962-7507 / fax (509) 962-7574
HUDSONT@WSU.EDU

Cooperating agencies: Washington State University, U.S. Department of Agriculture, and Washington counties. WSU Extension programs and employment are available to all without discrimination. Evidence of non-compliance may be reported through your local WSU Extension office.