

Tennessee Market Highlights

UF Extension

August 7, 2009
Number :31

Livestock Comments by Emmitt L. Rawls

Fed cattle cash trade began earlier this week with trades at mostly \$81 live and \$130 dressed, \$1 to \$2 down from last week. The 5 area weighted average prices thru Thursday were \$81.27 live and \$129.61 dressed, compared to \$82.61 and \$131.63 a week ago. A year ago the average prices were \$99.53 live and \$158.35 dressed. With what has been called moderate to heavy offerings of boxed beef this week, cutout values Thursday compared to a week ago were down \$1.56 on Choice and down \$2.75 on Select. At midday Friday cutouts were \$140.57 on Choice, down \$0.13, and \$133.98 on Select, down \$0.09. The Choice/Select spread was \$6.59 compared to \$5.90 a week ago. On Tennessee auctions this week feeder steers/bulls were called mostly steady with instances of \$1 to \$3 lower. Feeder heifers under 600 lbs. were called steady to \$3 lower, over 600 lbs. were fully steady. Slaughter cows were steady to \$1 higher while slaughter bulls were steady to firm. Average receipts per sale were 697 head on 11 sales this week, 761 head on 11 sales last week and 528 head on 16 sales a year ago. At midday Friday, both live and feeder cattle futures are showing signs of improvement with both posting gains compared to morning activity. While most of the cash trade has taken place today at \$1 under last week, for those few feedlots still holding out for steady money the gains in the futures could help. Cooperatives Working Together (CWT) announced this week they had accepted 294 bids in the third round of herd buyouts in the past nine months. The bids account for an additional 86,710 dairy cows and 1.8 billion pounds of milk. Since December 2008, the three rounds of buyouts have removed a total of 4.8 billion pounds of milk production capacity. *Continued on page 2*

Crop comments by Chuck Danehower

The commodity market was mixed for the week as corn and wheat were down and cotton and soybeans up. The Dow Jones Industrial Average was up just over 2% for the week on a better than expected jobs report. Employers cut 270,000 jobs in July, less than the 320,000 expected giving us an unemployment rate of 9.4% vs. 9.6% expected. The Dollar strengthened slightly from last week at 79.07, up .68 before the close. Crude Oil, although under pressure today, is up 1.39 barrel for the week at 70.73 a barrel before the close. The commodity markets start to position themselves before the August 12 USDA crop report. This will be the first report of this crop year which use survey based data to project yields. Also keep in mind that 7 states were resurveyed as to corn acreage. Pre harvest weather will play a key role in determining yields and prices. There is not a weather forecaster out there that can accurately forecast the first frost date and along with that whether the crop will be mature on that date. With that in mind, I would encourage producers to look at options as a pricing tool in their operation. Put options can set a floor price, while allowing for an upside.

Corn:

New Crop: September 2009 futures closed at \$3.22 a bushel on Friday, down \$.18 bushel from last week. Weekly exports sales were 45.4 million bushels (16.7 mb old crop, 28.7 mb new crop), about expected. As of August 2, the crop condition ratings for corn were 68% in the good to excellent rating compared to 70% the previous week and 66% a year ago. The percent silking nationwide is 76% compared to 55% last week, 79% last year and 89% five year average. *Continued on page 2*

Slaughter cows: steady to \$1 higher

Slaughter bulls: steady to firm

Feeder steers: mostly steady, instances \$1 to \$3 lower

Feeder heifers: under 600 lbs. steady to \$3 lower, over 600 lbs. fully steady

Fed cattle: 5 area live price of \$81.27 is down \$1.34 and the dressed price is down \$2.02 at \$129.61

Feeder cattle index: Wednesday's index \$100.78

Corn: September 2009 futures closed at \$3.22 a bushel on Friday, down \$.18 bushel from last week

Soybean: September futures closed at \$10.91 bushel, up \$.47 from last week

Wheat: September 2009 futures contract closed at \$4.90 bushel, down \$.39 bushel from last week

Cotton: October Cotton futures closed at 60.53 cents/lb, up 2.60 cents/lb from last week

Livestock Comments by *Emmit L. Rawls*

Also, last week Agriculture Secretary Tom Vilsack announced the amount paid for dairy products through the Dairy Product Price Support Program will increase. The President and CEO of National Milk Producers Federation, which administers CWT, Jerry Kozak said "These two summer 2009 herd retirements, combined with the USDA's recent price support increase, should result in very positive movement in dairy farmers' milk prices." Next week's crop production report which will give the results of updated acres planted to corn in seven states could move the corn market and as a result the cattle markets. If the report shows additional acres planted and the corn market drops as a result of a possible increased crop, live and feeder cattle markets could see an increase. While if the report shows fewer acres planted than anticipated, the corn market could increase which would put downward pressure on both live and feeder cattle.

TECHNICALLY SPEAKING: Based on Thursday's closing prices: August fed cattle closed at \$83.20. Support is at \$83.00, then \$82.45. Resistance is at \$83.55, then \$84.10. The RSI is 33.78. October cattle closed at \$89.13. Support is at \$88.82, then \$88.22. Resistance is at \$89.42, then \$90.02. The RSI is 40.81. August feeder cattle closed at \$101.10. Support is at \$100.48, then \$99.33. Resistance is at \$101.63, then \$102.78. The RSI is 37.55. September feeders closed at \$100.97. Support is at \$100.32, then \$99.17. Resistance is at \$101.47, then \$102.62. The RSI is 38.76. Friday's closing prices were: Fed cattle: August \$83.85 +0.65; October \$89.12 no change; December \$88.67 -0.22; February \$89.07 +0.05. Feeder cattle: August \$101.35 +0.25; September \$100.97 no change; October \$101.57 +0.35; November \$102.27 +0.42. September corn closed down \$0.10 at \$3.22, down \$0.17 from last Friday.

Crop comments by *Chuck Danehower*

The pre report guesses for August 12 are for USDA to cut corn acreage anywhere from 200,000 acres to 2 million acres with planted acreage of 85.04 – 86.8 million from the June 30 acreage report of 87.035 million acres.. Most analysts anticipate USDA raising yields from the July USDA number of 153.4 bushels per acre. The range is 155.6 – 160.3 bushels per acre with one group expecting the final yield to be 164 bushels/acre. This combination of acreage drop and yield increase would result in higher ending stocks than projected in July with the guesses for ending stocks between 1.684 – 1.75 billion bushels, an increase from 1.55 billion bushels. The market pushed higher earlier in the week to \$3.64 bushel on weather concerns, but has since dropped back with support around \$3.20 and resistance at \$3.39 bushel. The corn market has somewhat priced in a bigger crop, but a yield estimate above 157 bushels/acre would add additional pressure to the market. There still is the potential for an early frost to put a cap on yields. I think the market will continue to drift sideways with a downward bias with an occasion spike from weather concerns. During the week the market hit my target of \$3.50, pricing another 10% of production with a total of 50% forward priced. At this point, I think we have to consider put options as there is still additional downside risk for corn to below \$3.00. I would look at covering 25% of production with a December \$3.30 put, costing \$.29 bushel and setting a futures floor at \$3.01. Other strike prices and other option strategies are available; just understand what you are doing. Put options will protect prices on the downside, but still leave some upside.

Deferred: The March 2010 futures contract closed at \$3.40 bushel, down \$.22 from last week. The September 2010 contract closed at \$3.64, down \$.23 from last week.

Cotton:

Nearby: The October Cotton futures closed at 60.53 cents/lb, up 2.60 cents/lb from last week. Weekly exports sales were 138, 400 bales (58,000 bales old crop, 80,400 bales new crop), above expectations.

New Crop: The December 09 futures closed at 62.43 cents/lb. up 2.41 cents/lb. from last week. Cotton has support at 59 cents with resistance in the 64 cent range. The weather in the Texas is still a wildcard with parts of the state having beneficial weather while the southern region is still in the grips of a drought. It will probably be harvest or later when the real picture is known. One estimate for the August 12 report puts the cotton crop at 13.5 million bales, an increase of nearly 300,000 bales over the July report. This would be a bearish number without any change in demand. Cotton has currently been trading more outside markets and soybeans than fundamentals and will continue to until the fundamentals are clearer. Overall crop condition ratings as of August 2 were 50% good to excellent compared to 46% last week and 47% last year. The percent setting bolls is 65% compared to 48% last week, 63% last year, and the five year average of 68%. Should prices move into the 65 – 70 cent range, they should be rewarded with either sales or purchase of put options.

Soybeans:

Nearby: September futures closed at \$10.91 bushel, up \$.47 from last week. Weekly exports were 106.9 million bushels (18.2 mb old crop, 88.7 mb new crop). This reflects the July 30 sale to China, but still was more than expected. Ending old crop stocks are expected to go below 100 million bushels from 110 million bushels in the August 12 report on moderate increases to both crush and exports.

New Crop: The November 2009 futures contract closed at \$10.39 bushel, up \$.59 from last week. There is support at \$10.21 with resistance at \$10.46. As of August 2, crop conditions have the crop rated at 67% good to excellent compared to 67% last week and 63% in 2008. Soybeans setting pods nationwide is at 36% compared to the average of 54% and last year of 36%. USDA is not expected to raise soybean yields or increase harvested acreage, but it is not within the realm of possibility that they will. Soybean new crop ending stock estimates for August 12 range from 220 million bushels to 300 million bushels. The potential for an early frost on a late crop, good export numbers, and the potential for a supply squeeze as we end the old crop marketing year are all supportive to new crop prices. The soybean market has continued to give additional marketing opportunities. Producers should use this week's strength to catch up and add to sales. The soybean market has the potential to go up or down, but probably won't stay where it is at. I am currently 50% forward priced with another 15% priced with put options. With the volatility in the market and the potential to go either way, I would add another 35% pricing using put options. A November \$10.40 strike price put would have a premium of \$0.81 bushel and set a futures floor of \$9.59 bushel. This will set what I think is an acceptable price (\$9.59 bushel), but at the same time leave some upside should there be an early frost or threat of an early frost in the Midwest. As in corn, there are different option strategies, just make sure you understand them.

Wheat:

Nearby: The September 2009 futures contract closed at \$4.90 bushel, down \$.39 bushel from last week. Support is at \$4.86 a bushel with resistance at \$5.13 bushel. Weekly exports were 20.6 million bushels, above expectations, but still short of the pace needed to reach USDA export projection. Wheat has the weakest fundamentals in grains and soybeans. New crop ending stocks in next week's reports is expected to show well over 700 million bushels compared to 706 million bushels last month. At this time, there do not appear to be any major global production problems.

Deferred: The December 2009 futures contract closed at \$5.17 bushel, down \$.39 for the week. The July 2010 futures closed at \$5.60 bushel, down \$0.37 bushel from last week. For the 2010 crop, I am 5% priced at \$6.00 bushel.

PRICES ON 11 TENNESSEE REPORTED LIVESTOCK AUCTIONS (\$/cwt)

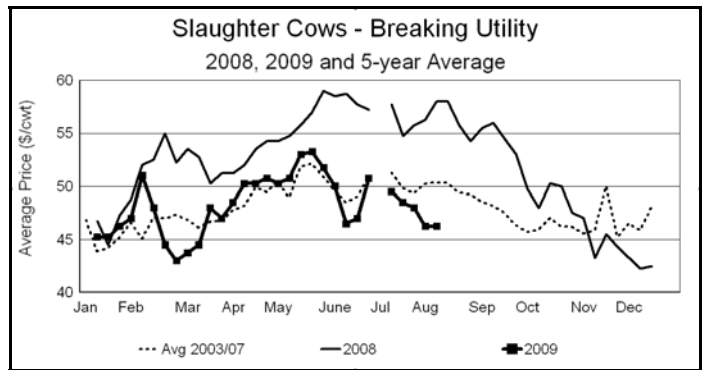
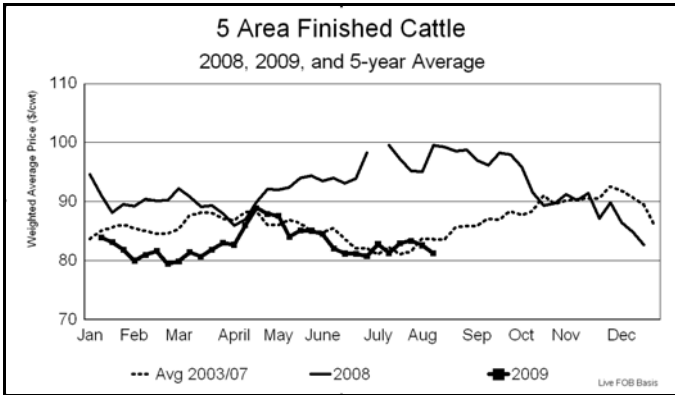
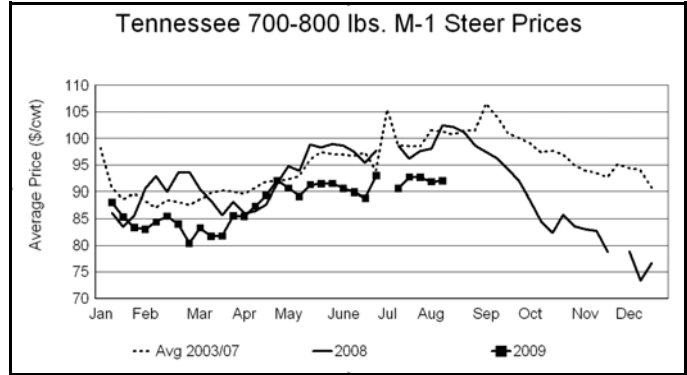
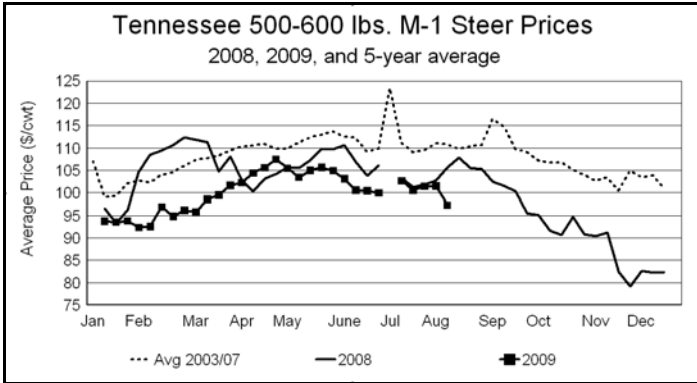
August 7, 2009

	This Week Low	This Week High	This Week Weighted Average	Last Week Weighted Average	Year Ago Weighted Average
<u>Steers: Medium/Large Frame #1-2</u>					
300-400 lbs.	102.50	124.00	113.26	112.37	114.70
400-500 lbs.	96.00	114.00	106.86	106.45	109.83
500-600 lbs.	88.00	104.00	97.32	101.53	105.62
600-700 lbs.	88.00	104.00	97.32	97.49	103.84
700-800 lbs	80.50	98.00	92.01	91.85	102.41
<u>Steers: Small Frame #1-2</u>					
300-400 lbs.	114.00	114.00	114.00	93.27	90.65
400-500 lbs.	84.00	84.00	84.00	88.19	91.62
500-600 lbs.	78.50	94.00	86.18	84.18	81.00
600-700 lbs.	-----	-----	-----	82.38	89.83
<u>Steers: Medium/Large Frame #3</u>					
300-400 lbs.	83.50	114.00	103.99	103.37	103.93
400-500 lbs.	86.00	103.00	96.72	96.46	103.93
500-600 lbs.	80.00	99.00	92.72	91.94	95.20
600-700 lbs.	80.00	97.00	90.44	89.55	91.23
700-800 lbs.	80.00	94.00	90.05	85.35	89.12
<u>Holstein Steer</u>					
300-400 lbs.	62.00	70.00	68.51	73.99	63.00
500-600 lbs.	57.50	70.50	67.19	68.44	62.21
700-800 lbs.	60.00	63.50	61.74	66.61	-----
<u>Slaughter Cows</u>					
Breaking Utility	42.00	50.50	46.25	46.25	58.00
Cutter & Boning	42.00	50.00	46.00	43.75	55.75
Canner	36.00	46.00	41.00	39.50	48.00
Bull YG 1-2	54.00	62.00	58.00	59.25	70.25
<u>Heifers: Medium/Large Frame #1-2</u>					
300-400 lbs.	86.00	109.00	96.18	98.18	98.78
400-500 lbs.	85.00	101.50	93.75	94.57	96.25
500-600 lbs.	80.00	99.00	90.90	91.87	95.83
600-700 lbs.	78.00	94.50	88.47	87.36	92.10
<u>Heifers: Small Frame #1</u>					
300-400 lbs.	78.00	91.00	85.54	82.06	85.02
400-500 lbs.	73.00	91.00	81.11	80.78	82.88
500-600 lbs.	73.00	90.00	82.12	76.92	80.40
600-700 lbs.	68.00	68.00	68.00	71.93	78.39
<u>Heifers: Medium/Large Frame #3</u>					
300-400 lbs.	78.00	98.00	90.36	89.65	90.91
400-500 lbs.	76.00	93.00	86.36	86.50	88.50
500-600 lbs	70.00	91.00	84.20	83.37	85.78
600-700 lbs.	74.00	87.00	82.10	82.41	84.70

Cattle Receipts: This week: (11) 7,668

Week ago: (11) 8,375

Year ago: (16) 8,450



Average Daily Slaughter (number of head)

	This week (4 days)	Last week (4 days)	Year ago (4 days)	This week as percentage of Week ago (%)	Year ago (%)
Hogs	290,250	312,500	303,750	93%	96%
Cattle	92,750	94,500	94,000	98%	99%

USDA Box Beef Cutout Value (\$/cwt)

	Thursday	Week ago	Year ago	Change from week ago	Change from year ago
Choice 1 - 3					
600-900 #	140.70	142.26	161.94	-1.56	-21.24
Select 1 - 3					
600-990 #	134.07	136.82	155.09	-2.75	-21.02

FUTURES SETTLEMENT PRICES
Crops & Livestock
Friday, July 31, 2009 - Thursday, August 6, 2009

Commodity	Contract Month	Fri. 31	Mon 3	Tues 4	Wed. 5	Thurs. 6
Soybeans (\$/bu)	Aug	11.34	11.73	11.65	11.75	11.70
	Sep	10.44	10.88	10.83	10.88	10.79
	Nov	9.82	10.30	10.31	10.45	10.30
	Jan	9.84	10.33	10.35	10.49	10.34
	Mar	9.81	10.26	10.30	10.45	10.30
	May	9.73	10.10	10.16	10.31	10.15
Corn (\$/bu)	Sep	3.39	3.58	3.54	3.47	3.32
	Dec	3.49	3.69	3.66	3.57	3.40
	Mar	3.62	3.82	3.79	3.70	3.54
	May	3.72	3.91	3.88	3.80	3.63
	Jul	3.81	4.00	3.97	3.88	3.71
	Sep	3.87	4.07	4.04	3.96	3.79
Wheat (\$/bu)	Sep	5.28	5.49	5.42	5.29	5.00
	Dec	5.56	5.77	5.70	5.57	5.28
	Mar	5.74	5.95	5.89	5.75	5.47
	May	5.86	6.08	6.01	5.88	5.59
	Jul	5.97	6.19	6.12	5.99	5.71
Soybean Meal (\$/ton)	Aug	361	367	367	369	368
	Sep	333	339	339	342	340
	Oct	307	316	317	322	319
	Dec	301	310	312	319	315
	Jan	296	305	309	316	312
	Mar	292	301	305	313	308
Cotton (\$/lb)	Oct	57.93	60.66	60.65	60.39	58.98
	Dec	60.02	62.59	62.56	62.26	60.86
	Mar	62.22	64.70	64.65	64.35	62.98
	May	63.45	65.95	65.90	65.60	64.17
	Jul	64.76	67.10	67.20	66.80	65.33
Choice Fed Cattle (\$/cwt)	Aug	84.70	84.45	84.07	84.02	83.20
	Oct	90.20	90.32	89.72	89.82	89.12
	Dec	89.22	89.60	89.40	89.42	88.90
	Feb	89.17	89.37	89.30	89.35	89.02
	Apr	90.80	91.05	90.90	91.07	90.80
Feeder Cattle (\$/cwt)	Aug	102.35	102.00	100.95	101.35	101.10
	Sep	102.55	101.97	100.57	101.15	100.97
	Oct	102.52	102.00	100.92	101.37	101.22
	Nov	102.65	102.10	101.45	101.80	101.87
	Jan	101.70	101.30	100.95	101.25	101.20
Market Hogs (\$/cwt)	Aug	56.02	54.95	53.97	53.35	51.07
	Oct	53.90	52.05	50.12	50.20	57.57
	Dec	53.22	51.70	59.22	48.75	45.77
	Feb	59.12	58.60	55.75	54.07	51.62
	Apr	62.80	63.20	60.55	58.32	56.05

Milk Futures, Thursday , August 6, CME Futures

Month	Class III Close	Class IV Close
August	10.99	10.51
September	12.44	11.06
October	12.90	11.30
November	13.20	11.43
December	13.36	11.69

Weighted Average Monthly Prices on Tennessee Auctions

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year to Date Average
Fed Steers (Kansas)													
2008	91.45	92.02	89.42	89.19	94.08	94.78	97.62	99.35	98.59	91.94	90.88	84.61	92.65
2009	83.08	81.74	82.22	86.39	84.54	81.85	82.76						83.23
700-800 lbs. Steers													
2008	87.03	92.85	88.45	90.68	97.80	97.58	97.68	101.14	94.11	84.16	81.28	76.30	93.15
2009	85.35	83.86	83.13	89.82	90.97	90.31	91.85						87.90
600-700 lbs. Steers													
2008	90.25	100.87	96.87	96.75	102.43	102.03	100.12	103.42	96.59	86.81	82.37	78.02	98.47
2009	87.39	87.54	91.25	97.79	98.69	94.83	97.28						93.54
500-600 lbs. Steers													
2008	98.08	110.45	108.97	103.62	107.62	106.62	102.36	106.11	99.35	92.38	87.69	82.39	105.39
2009	93.32	96.00	99.87	105.44	104.92	101.03	101.54						100.30
400-500 lbs. Steers													
2008	107.87	121.28	117.59	109.96	112.76	109.47	105.87	110.58	106.09	99.08	94.73	88.72	112.11
2009	100.75	102.78	104.77	109.82	110.42	106.82	107.10						106.07
300-400 lbs. Steers													
2008	117.40	127.95	124.80	116.21	117.65	115.27	110.97	116.97	115.37	107.13	105.04	97.85	118.61
2009	108.92	108.74	110.37	115.42	117.52	113.49	113.39						112.55
Utility Cows													
2008	46.47	53.89	52.19	53.16	56.81	58.45	57.26	56.90	54.97	49.77	45.34	42.68	54.03
2009	46.39	45.78	46.63	50.25	53.00	49.05	48.37						48.50

Source: USDA/Tennessee Department of Agriculture Market News Service

EAST TENNESSEE LIVESTOCK CENTER AUGUST 5, 2009

1 load out of 72 steers, est. wt. 735 lbs., range 675 to 775 lbs., \$.04 slide up if over 736 lbs., 85% L&M -1, 15% L&M -2, med flesh, 50% Black 7 BWF, 30% Red 7 RWF, 20% ChaX & Smoky, wormed, weighed on grounds, selling with a 2% shrink. Price: \$95.75

1 load out of 85 heifers, est. wt. 675 lbs., range 625 to 725 lbs., \$.04 slide up if over 676 lbs., 100% M -1, med flesh, 90% Black 7 BWF, 5 ChaX & Smoky, 5% Red 7 RWF, wormed and implanted, hauled 20 miles to barn, selling with a 1% shrink. Price: \$95.70

1 split load out of 69 head (18 steers, 51 heifers) est. wt. of steers 850 lbs., est. wt. of heifers 760 lbs., \$.04 slide up if over 781 lbs., 85% L*M -1, 15% L&M -2, med flesh, 50% Black & BWF, 25% Red/RWF, 25% ChaX 7 Smoky, wormed, weighed on grounds, selling with 2% shrink. Price: \$86.00

Nashville, TN Thursday Aug 06, 2009 USDA-TN Dept Market News

Tennessee Video Board Sale and Graded Sale

08/05/2009 McMinnville

Receipts: 2207 Blk, Bwf and Char X only

Steers: Med and Lg 1	Heifers: Med & Lg 1
300-350 lbs 112.00	300-350 lbs 96.00
350-400 lbs 108.00-113.00	350-400 lbs 89.50-92.00
400-450 lbs 103.50-115.00	400-450 lbs 91.00-94.75
450-500 lbs 104.00-110.50	450-500 lbs 92.75-93.00
500-550 lbs 104.00-105.75	500-550 lbs 90.75-92.50
550-600 lbs 103.25-103.80	550-600 lbs 90.50-93.00
600-700 lbs 97.30-99.50	600-700 lbs 89.00-90.00
700-850 lbs 93.50-95.40	700-850 lbs 83.00-84.50
850-950 lbs 86.25-----	

Steers: Med & Lg 2	Heifers: Med & Lg 2
300-350 lbs 103.50	300-350 lbs 88.00-94.00
350-400 lbs 100.00-105.50	350-400 lbs 90.50-97.50
400-450 lbs 103.00-108.50	400-450 lbs 89.50-95.00
450-500 lbs 97.00-106.00	450-500 lbs 92.50-94.00
500-600 lbs 97.50--106.40	500-600 lbs 88.00-90.90
600-700 lbs 93.30-97.80	600-700 lbs 87.00-88.25
700-850 lbs 93.75-95.90	700-850 lbs 80.50-84.50

8/4/09 TLP/Tennessee Beef Alliance, PVP certified/Age and source verified.

Majority of cattle black, collected at two locations,

Cookeville and Columbia.

Receipts: 1720

Steers-Med and Lg#1 few 2
2 loads 579-588 lbs 105.10-106.60
5 loads 674-683 lbs 102.80-103.20
6 loads 745-790 lbs 96.80-100.80
3 loads 810-867 lbs 93.30-95.40

Heifers-Med and Lg #1 few 2
2 loads 563-589 lbs 96.00-96.30

3 loads 671-675 lbs 94.20-94.30

2 loads 754-766 lbs 90.40-91.00

08/04/2009 Fayetteville (TLP)

Receipts: 516 (261 Graded and Grouped)

Steers & Bulls: Med & Lg 1-2	Heifers: Med & Lg 1-2
350-400 lbs -----	350-400 lbs -----
400-500 lbs 94.00-102.00	400-500 lbs 85.00-92.00
500-600 lbs 90.00-105.50	500-600 lbs 85.00-95.00
600-700 lbs 96.50-100.00	600-700 lbs 82.50-90.50
	700-800 lbs 81.50-83.00

****The following news summary is from the National Livestock Producers Association****

For more information please go to www.NLPA.org

Food Safety Bill Clears House (Delta Farm Press, 8/4) -- Aimed at enhancing U.S. food safety after a series of high-profile product warnings and recalls, the House passed the Food Safety Enhancement Act (HR 2749) by a vote of 283 to 142 on July 30. If the Senate passes a similar bill, the federal Food and Drug Administration (FDA) will have expanded oversight and powers over food safety and food processing facilities will face increased inspections. Under the bill, FDA's ability to pursue civil and criminal penalties would be bolstered. Also, instead of voluntary recalls of tainted food by suppliers, the FDA would have the authority to issue the recall itself. Further, the FDA could announce quarantines and block suspect food being disseminated.

Dairy Support Prices Raised (DairyLea, 7/31) -- Agriculture Secretary Tom Vilsack announced on July 31st that the Obama Administration will increase the amount paid for dairy products through the Dairy Product Price Support Program (DPPSP). USDA estimates these increases, which will be in place from August 2009 through October 2009, will increase dairy farmers' revenue. The announced increase will raise the price paid for nonfat dry milk from \$0.80 per pound to \$0.92 per pound, the price paid for cheddar blocks from \$1.13 per pound to \$1.31 per pound, and the price of cheddar barrels from \$1.10 per pound to \$1.28 per pound. DairyLea and DFA sent numerous letters to Northeast Congressional offices seeking their support of this action.

Senate Panel Slashes Funding for NAIS in Half (Livestock Marketing Assn. 8/5) -- By unanimous vote, the Senate Agriculture Appropriations Committee Monday passed an amendment cutting funding for the National Animal Identification System (NAIS) from \$14.6 to \$7.3 million for fiscal 2010. The amendment was sponsored by Sens. Jon Tester (D-Mont.) and Mike Enzi (R-Wyo.). Tester said the amendment "basically kind of does what I want to have done, which is take some steam out of this program." Enzi said the amendment allows reasonable funding for a voluntary ID program without burdening ranchers. The full Senate is expected to act on the ag spending bill on Wednesday. The House version of the bill contains no funding for NAIS, so a conference committee is expected to meet after the August recess to reconcile the differences between the two bills. A July attempt in the Senate to eliminate all NAIS funding failed.

NCBA: Cattlemen Welcome Legislation Providing Death Tax Relief (National Cattlemen's Beef Association, 8/3) -- The National Cattlemen's Beef Association (NCBA) praised legislation introduced by Congressmen Mike Thompson (D-CA) and John Salazar (D-CO) that would provide farmers and ranchers relief from the death tax. HR 3524, the Family Farm Preservation and Conservation Estate Tax Act, would exempt working farm and ranch land from the death tax, as long as the land is kept in production agriculture. Should the land be used or sold for other purposes, a recapture tax would be imposed. Currently, estates valued at more than \$3.5 million, or \$7 million for a couple, are taxed at a 45% rate. President Obama has proposed freezing it at this level so it can be dealt with at a later date. But if Congress doesn't act to freeze or reduce the estate tax, in 2011, it will revert to a staggering 55% tax on estates worth only \$1 million or more.

Peterson, Frank Announce Derivatives Legislation Outline (U.S. House Ag Committee, 7/30) -- Washington, DC - House Financial Services Committee Chairman Barney Frank and House Agriculture Committee Chairman Collin C. Peterson released a concept paper that will guide the two committees as they develop legislation to regulate derivatives. The text of the concept paper can be viewed by clicking [here](#).

Mandatory Meat and Poultry Recall Bill Introduced to Senate (National Meat Assn., 8/3) -- On July 28th, Sen. Tom Udall (D-NM) introduced S. 1527, a bill to amend the Federal Meat Inspection Act and the Poultry Products Inspection Act to authorize the Secretary of Agriculture to order the recall of meat and poultry that is adulterated, misbranded, or otherwise unsafe to the Senate. More information regarding this bill can be found at http://www.washingtonwatch.com/bills/show/111_SN_1527.html.

New Animal Care Bills in Michigan (Pork News, 7/31) -- Comprehensive standards for farm animal care are one step closer to state law in Michigan. Redrafted House Bills 5127 and 5128 were passed by the Michigan House Agriculture Committee Thursday. The bills provide a solid framework to assure consumers that Michigan livestock have been raised with the highest safety and accountability standards. The re-drafted bills address previous objections raised by opponents. The bills are meant to address consumers' concerns following food recalls, but farm lobbyists hope they also will head off more stringent regulations like the ballot measures recently passed in California and two other states.

Cattlemen Losing Patience with Japanese Restrictions (Brownfield Network, 8/4) -- U.S. beef exports in the first half of 2009 are running at about the same pace as last year. That's despite significant declines in exports to Mexico and Canada. Beef exports to Japan have been a notable bright spot, increasing by more than 20 percent over their 2008 pace. Cattle producers continue to be frustrated, however, by the 20-month cattle age limit that still hinders U.S. beef exports to Japan. The 20-month restriction originated several years ago as a compromise measure for reopening the market after the first U.S. case of BSE.

European Union Changes Guidelines For Horse Slaughter & Consumption (Examiner.com, 8/4) -- The European Union (EU) and Canadian Food Inspection Agency (CFIA) have announced that the rules on slaughtering horses for human consumption are about to change radically due to concerns regarding contaminated horse meat. The new EU rules will become effective in April 2010, requiring that either slaughtered animals have complete health records showing they have not received banned substances or a 180 day quarantine for the horses. Claude Boissonneault, head of the CFIA's red meat programs, has indicated that Canada will likely abide by the 180 day quarantine, as mandated by the EU. Equine welfare advocates have warned of the contamination of American horse meat for years.

Thousands Attend Opening of New Auction Mart (Stirling Observer, 7/31) -- Stirling's new £15 million auction mart, which began operating fully on Wednesday, is owned by Glasgow-based Elphinstone and is UA's single centre of operations for its amalgamated Perth and Stirling sales. The Stirling Agricultural Centre supports around 300 on and off-site jobs and comprises 400 pens, three sales rings, 18 paddocks, an exhibition hall, viewing gallery, conference facilities and a 100-seater restaurant.

'Organic' May Not Mean Healthier (HealthDay News, 7/29) -- According to a British review of studies done over the past 50 years, organic and conventionally produced foods have about the same nutrient content, suggesting that neither is better in terms of health benefits. Nonetheless, the researchers noted, organic foods continue to grow in popularity. In the United Kingdom, the market share for organic foods increased 22 percent from 2005 to 2007, they said. Likewise, the market for organic foods in the United States has grown at about a 20 percent rate each year since 1990, reaching \$13.8 billion in consumer sales in 2005, according to the Organic Trade Association. That represents 2.5 percent of total food sales in the country, the trade group noted.

Cattle Theft Suspect Pleads Not Guilty (WCCO.com, 7/30) -- A Minnesota man accused of stealing cattle from a Watertown auction barn in March has pleaded not guilty and is to go on trial Sept. 17. Joey Varner of Pierz, Minn., was indicted by a grand jury on one count of aggravated grand theft. He is accused of taking 188 cattle that were under U.S. Bankruptcy Court control. Varner is a co-owner of Watertown Livestock and has ownership interests in other livestock auction barns in South Dakota, Minnesota and North Dakota. He faces up to 15 years in prison and a \$30,000 fine if convicted.

Cattle Thefts Becoming a Problem (WAFF.com, 7/30) -- State agricultural investigators want farmers to be on the look out. Cattle thieves are becoming a major problem. Last September, 16 head of cattle were stolen from the Northwest Alabama Livestock Auction in Russellville. The two thieves were caught on video surveillance. The stolen cattle were valued at more than \$8,000. Those animals have never been recovered. Cattle theft cases are rising. In 2009, 210 cattle have been stolen in the state.

Sow Slaughter Slow; Bankruptcies Will be Final Solution (Meatingplace.com, 8/4) -- Sow slaughter continues to run low and it could take a lot of hog producers going bankrupt to return the sector to profitability, according to University of Missouri economists Ron Plain and Glenn Grimes. For the four-week period ending July 18, sow slaughter was down 9.2 percent from a year earlier. Gilt slaughter for the four-week period ending July 25 was below a year earlier.

Ag Loan Volume Grew 8% In The First Quarter (AgriMarketing Magazine, 7/27) -- According to the Federal Reserve System, total loan volume to agricultural producers in the U.S. for the first quarter of 2009 rose 8% to \$119 billion compared to last year. Real estate loans rose 10% to total \$64 billion while non-real estate (operating) loans rose 5% to total \$55 billion. 2.5% of all farm

production loans were delinquent amounting to \$1.375 billion, compared to 1.7% last year. The data is supplied to the Federal Reserve by commercial banks.

CWT Will Remove Another 86,000 Dairy Cows (Brownfield News, 8/5) -- The latest round of the CWT herd retirement program will take another 86,000 dairy cows out of production. Cooperatives Working Together has tentatively accepted 294 of the 312 bids submitted by producers from 38 states. The 294 bids represent 86,710 cows and 1.8 billion pounds of production. This round will also remove 3,104 bred heifers.

Board Elections for the American Goat Federation (American Sheep Industry Assn., 8/3) -- The American Sheep Industry Association's (ASI) Goat Committee is pleased to announce the election of the interim board of directors for the first-ever national organization devoted to the goat industry - the American Goat Federation (AGF). The purpose of the AGF will be to build and define the U.S. goat industry on a unified front to work on issues facing the entire industry. ASI's Goat Committee, in collaboration with the Kentucky Sheep and Goat Development Office and the American Sheep and Goat Center, have worked over the past year to support the organization made up of individuals genuinely interested in the overall success and promotion of the goat industry.

AMI Letter to the Editor: Meat Production Is Not a Major Source of Greenhouse Gas Emissions (American Meat Institute, 8/4) -- Ezra Klein's commentary "The Meat of the Problem" [Food, July 29] was "inaccurate and not scientifically based," says AMI President and CEO J. Patrick Boyle in a recently published letter-to-the-editor in the *Washington Post*. Boyle's letter provides that Klein's use of the U.N. report, "Livestock's Long Shadow," as the foundation for his assertion that the livestock sector is responsible for 18 percent of greenhouse gas (GHG) emissions worldwide misses the mark, noting that a 2007 Environmental Protection Agency report concluded that only 2.8 percent of U.S. GHG emissions came from animal agriculture.

Escalating Farm Family Living Cost (Corn & Soybean Digest, 7/28) -- The past few years have been rather strong economically for those outside the protein industries in agriculture. Higher earnings are now showing up in farm and ranch family living data on many of the farm record systems. In 2003, near the beginning of the period that parallels the super cycle of commodity prices, family living cost was \$38,853. The super cycle of 2003 to 2008 is one of four that has occurred in the past century, and the only super cycle in which agriculture, oil and metals peaked at the same time. There was a 131% increase in commodity prices from the valley to the peak of the super cycle. These economic good times resulted in a 70% increase in family living cost for the period, or a 14% annual increase.

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