



Tennessee Market Highlights

UF Extension

December 18, 2009
Number :49

Livestock Comments by Emmitt L. Rawls

Fed cattle prices were \$1 to \$2 higher this week with live prices \$81 to \$82 in the S. Plains and \$80 in the North. The 5 area weighted average prices thru Thursday were \$80.29 live and \$127.50 dressed compared to \$79.17 and \$127.51 a week ago. A year ago prices were \$82.71 live and \$132.05 dressed. Cutout values climbed \$2 on Monday then staggered a bit but have held near \$138.75 the rest of the week. Sellers took advantage of it and started selling midweek. The cutout on Thursday compared to a week ago was up \$3.98 on the Choice and up \$1.74 on the Select. At midday Friday the Choice cutout was \$138.94 +.17 and the Select was \$130.85 +.16. The Choice Select spread was \$8.09 compared to \$6.02 last week. With two holiday shortened weeks packers needs will be less than usual, but the situation can present some interesting dynamics between feedlots and packers. On the Tennessee auctions this week feeder steers, bulls and heifers were called \$1 to \$4 higher. Slaughter cows and bulls were \$2 to \$5 higher as buyers scrambled for numbers to meet requirements the next two weeks when most markets will close. Beef producers should check with their market management for operating dates over the next two weeks, to avoid showing up with cattle to sell but finding the market closed. Auction receipts were down 10% from last week. Market reporters indicated some increased demand for lighter calves going to a late turnout on western wheat pasture. In most years there is some price strength in January. Two of the last three years that was not the case as the final crop indicated smaller ending stocks of corn. The corn futures rose sharply and feeder cattle prices dropped in reaction to the corn. *Continued on page 2*

Crop Comments by Chuck Danehower

Corn, soybeans and wheat prices finished down for the week while cotton prices were mixed. The commodity market was headed for a good week until Thursday when the U.S. Dollar strengthened on concerns in the European financial markets. As a general rule the dollar affects the cost of our commodities in the world marketplace. However, what has been happening as of late has been the relationship of the dollar and commodities from a funds trading perspective. As part of a trade, when the dollar strengthens or goes up, funds will sell commodities. The opposite is true when the dollar weakens or goes down, funds will buy commodities. It is certainly more complex than that explanation, but I think that sums it up from a laymen's point of view. As the year ends and next year begins, funds were expected to be buyers of commodities. Some of these purchases may already be factored in. In the last three weeks, the dollar has strengthened 4% while soybeans and corn prices have declined 4% and wheat 8%. The U.S. Dollar is up 1.30 for the week at 78.25 before the close. The Dow Jones Industrial Average was at 10,308 before the close, down 1.5% for the week. Crude Oil before the close was up 2.62 a barrel from last Friday, trading at 74.36. The next marketing comments will be published on December 23.

Corn:

Nearby: March 2010 futures closed at \$4.05 a bushel on Friday, down \$0.07 bushel for the week. Support is at \$3.83 bushel with resistance at \$4.17 bushel. Weekly exports sales were 48.3 million bushels; above expectations and a marketing year high. As of December 13, corn harvest was 92% complete, compared to 88% last week. *.Continued on page 2*

Slaughter cows: mostly \$2 to \$5 higher

Slaughter bulls: mostly \$2 to \$5 higher

Feeder steers: mostly \$1 to \$4 higher

Feeder heifers: mostly \$1 to \$4 higher

Fed cattle: 5 area live price of \$80.29 is up \$1.12 and the dressed price is down \$.01 at \$127.50

Feeder cattle index: Wednesday's index: \$93.69

Corn: March 2010 futures closed at \$4.05 a bushel on Friday, down \$0.07 bushel for the week

Soybean: January futures closed at \$10.12 bushel, down \$0.23 bushel from last week

Wheat: March 2010 futures contract closed at \$5.28 bushel, down \$0.10 bushel from last week

Cotton: March 2010 futures closed at 75.28 cents/lb. up .97 cents/lb. from last week

Livestock Comments by *Emmit L. Rawls*

The corn futures rose sharply and feeder cattle prices dropped in reaction to the corn. The final crop this year will be January 12, so be aware there could be market reaction. Today's cattle on feed report indicated the following: (pre-report trade estimates) Cattle on feed Dec. 1 in feedlots with capacity of 1,000 head or more were down 1% (+.5%); Cattle placed on feed in November down 8% (down 5%); Marketed in November + 4% (+2%). The report will likely be viewed as bullish based on the placements being lower than average expectations and marketings being higher, although November had one more business day than last year. Cattle placed under 700 # were down 10%, while those placed weighing over 700 # were down 6%. Futures prices will likely be higher on Monday, but wholesale values must improve in order for cash fed cattle to increase, and for any futures increase to hold. If the market rises, it will give those needing price protection the opportunity to buy put options at a lower premium or LRP coverage for a lower premium. Similarly, futures profits could be locked in, but be aware of potential margin calls should the market rally into the coming weeks. With lower corn this week, it again offers the opportunity to buy or price some future feed needs.

TECHNICALLY SPEAKING: based on Thursday's closing prices. December live cattle closed at \$81.42. Support is at \$81.35, then \$81. Resistance is at \$82.25, then \$84.47. The RSI is 43.93. February cattle closed at \$84.55. Support is at \$84.27, then \$82.75. Resistance is at \$85.27, then \$85.82. The RSI is 49.76. April cattle closed at \$87.77. Support is at \$87.60, then \$86.72. Resistance is at \$88.32, then \$88.57. The RSI is 52.90. June cattle closed at \$85.47. Support is at \$85.10, then \$84.70. Resistance is at \$85.60, then \$86.10. The RSI is 58.05. March feeder cattle closed at \$94.17. Support is at \$93.55, then \$92.75. Resistance is at \$94.35, then \$95.30. The RSI is 56.14. Friday's closing prices were Dec. Cattle \$82.05 +.62; Feb. \$84.85 +.30; Apr. \$88.17 +.40; Jun. \$85.67 +.20. Jan. Feeder cattle \$94.72 +.75; Mar. \$94.75 +.57; Apr. \$96.27 +.37. March corn closed at \$3.97 3/4 up 3/4.

Crop comments by *Chuck Danehower*

This puts about 6 million acres and over a billion bushels still in the field. It will be 2010 before some and maybe the majority of these bushels will be harvested. Field and quality losses will keep uncertainty in the market. Corn continues to trade in a sideways pattern.

New Crop: The September 2010 contract closed at \$4.24, down \$0.07 a bushel for the week. Support is \$4.11 with resistance at \$4.41a bushel. Field losses of corn still not harvested will keep fundamentals uncertain. If there is much field loss, corn acreage will need to increase in 2010 to keep adequate supplies. One private estimate currently is projecting a 3.2 million acre increase in corn. Consider pricing up to 20% for 2010 production at this time.

Cotton:

Nearby: The March 2010 futures closed at 75.28 cents/lb. up .97 cents/lb. from last week. Support is at 73.69, resistance at 76.83 cents. Weekly exports sales were 242,300 bales (239,700 for 09/10 and 2,600 for 10/11). This was below the previous week and 4-week averages as well as below expectations. As of December 13, cotton harvest is reported at 91% finished, compared to 88% last week. Price direction for cotton will be dependent on final yields, exports, and direction of the dollar. Producers should be realistic on their price goals for loan cotton. Keep in contact with your cotton buyer for current quotes on loan equities and or cash prices. Equities for loan cotton have been in the 13 – 15 cent range during the week. Producers who are bullish might consider selling their cotton equities and buying May Call options. This would limit your risk on the downside, but leave some upside potential. The Adjusted World Price for December 18 – December 24 is 60.55 cents/lb.

New Crop: The December 2010 futures contract closed at 76.13 cents/lb., down .31 cents/lb. for the week. Support is at 74.97, resistance at 76.93 cents per pound. One estimate for 2010 cotton acres is for an increase of 904,000. This could eventually put pressure on 2010 prices. Fundamentals currently are positive with a decrease in carryover stocks. With increased acres, demand probably through exports will need to keep pace. A strengthening dollar may be hard for exports to overcome. Consider pricing cotton for 2010, at least a percentage of the crop.

Soybeans:

Nearby: January futures closed at \$10.12 bushel, down \$0.23 bushel from last week. Support is at \$9.98, with resistance at \$10.32 bushel. Weekly exports were 34.3 million bushels; above expectations and above the seasonal pace to meet the USDA's projection. The start of the second quarter of the marketing year has cumulative sales of 81% of USDA's projection for the year. The November crush estimate from the National Oilseed Processors Association was a record at 160.3 million bushels, up 15% from a year earlier. Although demand has been strong, soybean prices are feeling the effects of a stronger dollar. **Deferred:** The March 2010 contract closed at \$10.20 bushel on Friday, down \$0.23 bushel from last week. The November 2010 contract closed at \$9.94 bushel, down \$0.25 bushel for the week. Support is at \$9.78 with resistance at \$10.10 bushel. Soybean acreage from one private estimate has 2010 acreage expected to drop 517,000 acres. I am currently priced 15% for the 2010 soybean crop.

Wheat:

Nearby: The March 2010 futures contract closed at \$5.28 bushel, down \$0.10 bushel from last week. Weekly exports were 12.7 million bushels, within range of expectations. Through December 10, wheat sales have reached just 66% of projected exports and are well below the 5 year average of 78%. At this pace, exports for the marketing year would be only 780 million bushels, 115 million bushels off of USDA's projection.

New Crop: The July 2010 futures closed at \$5.53 bushel, down \$0.07 bushel from last week. Support is at \$5.40 with resistance at \$5.59 a bushel. I would currently have up to 20% of the 2010 wheat crop priced. One estimate for 2010 winter wheat acreage is for a decrease of 3.865 million acres from 2009. This drop in acreage, although helpful, will still result in negative fundamentals. Wheat prices, however, have not been trading fundamentals and are more dependent on soybean and corn prices and fund interest.

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

December 18, 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.	88.00	129.00	110.20	109.62	98.66
400-500 lbs.	87.00	113.00	99.94	97.72	89.63
500-600 lbs.	80.25	101.50	90.56	89.00	82.39
600-700 lbs.	72.00	90.00	82.99	83.49	78.43
700-800 lbs	71.00	85.50	80.36	86.52	76.67
<u>Steers: Small Frame #1-2</u>					
300-400 lbs.	85.00	103.00	91.00	90.95	82.06
400-500 lbs.	81.00	103.00	93.31	90.95	83.00
500-600 lbs.	70.50	93.00	83.91	83.95	60.94
600-700 lbs.	73.00	86.00	80.09	74.94	66.60
<u>Steers: Medium/Large Frame #3</u>					
300-400 lbs.	84.00	108.00	98.63	100.02	79.29
400-500 lbs.	70.00	99.00	89.73	87.32	76.35
500-600 lbs.	72.00	91.00	83.01	82.28	73.44
600-700 lbs.	67.00	82.00	74.97	74.03	70.43
700-800 lbs.	73.00	74.00	73.50	74.70	71.71
<u>Holstein Steer</u>					
300-400 lbs.	68.00	68.50	68.45	73.20	50.00
500-600 lbs.	56.00	62.00	58.62	59.84	-----
700-800 lbs.	49.00	51.00	50.25	56.43	46.00
<u>Slaughter Cows</u>					
Breaking Utility	39.50	53.00	46.25	41.50	42.50
Cutter & Boning	38.00	49.50	43.75	41.00	42.25
Canner	32.00	43.00	37.50	36.75	35.75
Bull YG 1-2	51.00	62.00	56.50	52.50	56.75
<u>Heifers: Medium/Large Frame #1-2</u>					
300-400 lbs.	78.00	107.50	90.78	87.16	79.03
400-500 lbs.	73.00	95.00	84.01	81.57	74.90
500-600 lbs.	67.50	87.00	77.85	76.75	72.38
600-700 lbs.	65.00	79.00	72.34	73.50	70.66
<u>Heifers: Small Frame #1</u>					
300-400 lbs.	65.00	92.00	75.57	72.37	59.13
400-500 lbs.	58.00	84.00	71.04	67.76	63.50
500-600 lbs.	60.00	76.00	66.55	65.93	60.17
600-700 lbs.	65.00	72.50	69.47	63.23	57.60
<u>Heifers: Medium/Large Frame #3</u>					
300-400 lbs.	70.00	94.00	83.48	79.83	67.97
400-500 lbs.	65.00	85.00	74.35	75.08	67.33
500-600 lbs	60.00	78.00	70.70	71.89	65.65
600-700 lbs.	62.00	71.00	66.84	67.47	63.32

Cattle Receipts: This week: (11) 7,333

Week ago: (11) 8,200

Year ago: (11) 4,250

FUTURES SETTLEMENT PRICES
Crops & Livestock
Friday, December 11, 2009 - Thursday, December 17, 2009

Commodity	Contract Month	Fri. 11	Mon. 14	Tues. 15	Wed. 16	Thurs. 17
Soybeans (\$/bu)	Jan	10.35	10.55	10.55	10.59	10.22
	Mar	10.43	10.62	10.62	10.67	10.30
	May	10.49	10.66	10.67	10.73	10.36
	Jul	10.53	10.69	10.71	10.77	10.42
	Aug	10.48	10.64	10.65	10.71	10.37
	Sep	10.31	10.44	10.42	10.49	10.17
Corn (\$/bu)	Dec	3.89	-----	-----	-----	----
	Mar	4.04	4.08	4.07	4.10	3.97
	May	4.15	4.19	4.18	4.21	4.08
	Jul	4.25	4.28	4.27	4.29	4.17
	Sep	4.31	4.34	4.32	4.35	4.23
	Dec	4.38	4.40	4.38	4.42	4.30
Wheat (\$/bu)	Dec	5.19	-----	-----	-----	-----
	Mar	5.37	5.43	5.37	5.37	5.18
	May	5.51	5.57	5.50	5.51	5.32
	Jul	5.60	5.67	5.60	5.61	5.43
	Sep	5.74	5.81	5.74	5.76	5.59
Soybean Meal (\$/ton)	Dec	315	-----	-----	-----	-----
	Jan	307	316	317	317	307
	Mar	304	313	312	313	303
	May	303	311	309	310	300
	Jul	304	311	310	311	301
	Aug	303	310	308	309	300
Cotton (\$/lb)	Mar	74.31	75.77	74.88	76.25	75.74
	May	75.51	76.73	75.85	77.04	76.26
	Jul	75.81	77.00	76.19	77.34	76.56
	Oct	76.17	77.00	76.17	77.01	75.96
	Dec	74.44	77.29	76.19	76.88	76.00
Choice Fed Cattle (\$/cwt)	Dec	80.15	81.05	82.10	82.12	81.42
	Feb	83.27	83.95	84.92	84.90	84.55
	Apr	86.42	87.32	88.15	88.02	87.77
	Jun	84.27	84.70	85.32	85.47	85.47
	Aug	84.55	84.87	85.55	85.55	85.40
Feeder Cattle (\$/cwt)	Jan	91.57	91.90	93.02	92.85	93.97
	Mar	92.37	92.37	93.37	93.32	94.17
	Apr	94.17	94.07	94.87	95.10	95.90
	May	95.20	95.20	95.92	96.00	96.70
	Aug	97.40	97.62	98.20	98.50	98.90
Market Hogs (\$/cwt)	Dec	64.00	-----	-----	-----	-----
	Feb	65.42	65.87	67.42	66.82	65.55
	Apr	69.60	70.32	71.25	71.02	69.75
	May	74.87	75.15	75.22	74.97	74.37
	Jun	77.85	78.22	78.07	77.75	77.25

Milk Futures, Thursday , December 17, CME Futures

Month	Class III Close	Class IV Close
December	14.86	15.14
January	14.80	15.27
February	14.71	15.25
March	15.06	15.39
April	15.25	15.39

EAST TENNESSEE LIVESTOCK CENTER DECEMBER 16, 2009

1 load out of 85 steers, est. wt. 700 lbs., range 650 to 750 lbs., \$.04 slide up if over 701 lbs., 90% L&M -1, 10% L&M -2, med flesh, 70% Black 7 BWF, 25% ChaX & Smoky, 5% Red & RWF, wormed, no implants, selling with 2% shrink. Price; \$88.25

1 load out of 85 steers, est. wt. 800 lbs., range 750 to 850 lbs., \$.04 slide up if over 801 lbs., 100% M -1, med flesh, 100% Black & BWF, wormed and implanted, hauled 10 miles to barn, selling with a 1% shrink. Price; \$88.10

1 load out of 80 steers, est. wt. 800 lbs., range 725 to 850 lbs., \$.04 slide up if over 801 lbs., 100% L&M -1, med flesh, 75% Black & BWF, 20% Chax & Smoky, 5% Red & RWF, wpr,ed no implants, hauled 10 miles to barn, selling with 1% shrink. Price: \$86.95

1 load out of 79 heifers, est. wt. 690 lbs., range 640 to 750 lbs., \$.04 slide up if over 691 lbs., 90% M -1, 10% M -2, med flesh, 65% Black & BWF, 25% ChaX & Smoky, 10% Red & RWF, wormed, no implants, selling with 2% shrink. Price: \$85.50

2 loads out of 200 heifers, est. wt. 700 lbs., range 650 to 750 lbs., \$.04 slide up if over 701 lbs., 100% M -1, med flesh, 65% Black & BWF, 35% ChaX & Smoky, wormed and implanted, hauled 8 miles to barn, selling with 1% shrink. Price: \$85.90

1 load out of 128 heifers, est. wt. 760 lbs., range 675 to 800 lbs., \$.04 slide up if over 761 lbs., 90% M -1, 10% M -2, med flesh, 80% Black & BWF, 15% ChaX & Smoky, 5% Red 7 RWF, wormed no implants, hauled 25 miles to barn, no shrink. Price: \$81.60

**Nashville, TN Monday, Dec 14, 2009 USDA/TDA Dept Ag Market News
Tennessee Sheep and Goat Auction****Tennessee Livestock Producers Graded Goat and Sheep Sale.
Columbia TN, Dec 11, 2009**

Receipts: 855 (763 Goats; 92 Sheep) Last Sale 718

Next Sale December 18, 2009, This date is to accommodate holiday

Goats sold per hundred weight (cwt) unless otherwise noted, weights, actual or estimated.

Slaughter Classes:

Kids

Selection 1

25-35 lbs few 120.00

36-50 lbs 143.00-165.00

51-65 lbs 140.00-150.00

66-80 lbs 112.00-130.75
81-100 lbs 123.50-134.00

Selection 2

25-35 lbs 110.00-114.00
36-50 lbs 120.00-124.00
51-65 lbs 130.00-135.00
66-80 lbs 106.50-120.00
81-100 lbs

Selection 3

25-35 lbs 101.00-108.00
36-50 lbs 112.00-115.25
51-65 lbs 108.00-118.50
66-80 lbs few 100.00

Yearlings Selection 2-3

61-70 lbs 91.00-93.00

Slaughter Bucks/Billies

All Wgts 78.00-90.00, mostly 80.00-85.00

Slaughter Nannies/Does

All Wgts 49.25-68.00, mostly 55.00-65.00

Kids; Feeders Selection 3

30-41 lbs 100.00-105.00

SHEEP

Slaughter Lambs-Includes all breeds, sold per hundred weight (cwt).

Choice and Prime 20-40 lbs

Good

Choice and Prime 40-60 lbs 113.00-120.00

Good 106.00-115.00

Choice and Prime 61-80 lbs 118.00-120.50

Good few 120.50

Choice and Prime 81-100 lbs 101.00-117.00

Good

Choice and Prime 100-120 lbs

120-150 lbs

Slaughter Ewes Utility and Good

All Wgts 50.00-60.00

Slaughter Rams:

All Wgts few 63.00-68.00

Tennessee Dept of Ag-USDA Market News, Nashville, TN

Lewis Langell, OIC (615) 837-5164

www.ams.usda.gov/mnreports/nv_ls320.txt

**Nashville, TN Wednesday Dec 16, 2009 USDA-TN Dept Market News
Tennessee Video Board Sale and Graded Sale**

12/15/2009 Fayetteville (TLP)

Receipts: 320 (104 Graded and Grouped)

Steers: Med & Lg 1-2	Heifers: Med & Lg 1-2
300-350 lbs	350-400 lbs 91.00
350-400 lbs 100.00-108.50	400-500 lbs 80.00-85.00
400-500 lbs 96.00-105.50	500-600 lbs 72.50-80.00
500-600 lbs 90.00-95.50	600-700 lbs 70.00-76.50
600-700 lbs 81.50-82.00	700-800 lbs 75.00

Bulls: Med & Lg 1-2
300-400 lbs
400-500 lbs 94.00-103.00
500-600 lbs 84.50-90.00
600-650 lbs
700-800 lbs

12/11/09 Sweetwater- South East Pride Sale, PVP, Age and Source Verified.

Receipts: 505, Prices for Blk, Bwf and Char X only

Steers: Med and Lg 1	Heifers: Med & Lg 1
500-600 lbs 91.50-96.50	400-500 lbs 83.25
600-700 lbs 81.50-88.50	500-600 lbs 87.10
700-800 lbs 82.50-84.90	600-700 lbs 81.70-85.50
800-900 lbs 82.90	700-800 lbs 80.30
	800-900 lbs 75.00

Steers: Med & Lg 2	Heifers: Med & Lg 2
400-500 lbs 95.00	400-500 lbs 79.50
500-600 lbs 85.00-90.50	500-600 lbs 82.75
600-700 lbs 83.00	600-700 lbs 78.00

****The following news summary is from the National Livestock Producers Association**
For more information please go to www.NLPA.org**

LMA Members Asked to Complete & Return Horse Sale Survey (Livestock Marketing Assn., 12/15) --LMA members are asked to complete and return a brief survey, being mailed to them this week, asking about the impact of the closing of U.S. horse slaughter plants on their businesses. Members whose markets do not sell horses, or have not had horses abandoned at their facilities, can disregard the survey.

Congress, in passing the FY2010 agriculture spending bill, directed the General Accountability Office (GAO) to study the impact of unwanted horses on horse welfare, the livestock industry and the public. So that the GAO receives accurate data on the effects of the plant closures on markets and their consignors, "We're asking members to take a few minutes" to complete the survey on "this very important issue for the livestock market industry," said President Bobby Smith.

CME: Can Firms Be Made More Competitive? (The Cattle Site, 12/16) -- A decision handed down by the Fifth Circuit Court of Appeals in New Orleans once again affirmed that the **Packers and Stockyards Act of 1921 (PSA)** is primarily about competition in the markets for livestock and meat, write Steve Meyer and Len Steiner in their Daily Livestock Report (DLR) for 15 December. It is an important decision that clarifies the PSA and its scope after Congress in recent years has made poultry and swine contractors (that is, companies or individuals that own birds or pigs that are grown under contractual arrangements with growers) subject to the PSA. The plaintiffs likely realised they were in trouble while reading the first sentence: "Once again a

federal court is called to say that the purpose of the Packers and Stockyards Act of 1921 is to protect competition and, therefore, only those practices that will likely affect competition adversely violate the Act. That is this holding.”

Agriculture Secretary Vilsack, Dairy Producers Sign Historic Agreement to Cut Greenhouse Gas Emissions by 25% by 2020 (USDA, 12/15) -- Agriculture Secretary Tom Vilsack today announced an agreement with U.S. dairy producers to accelerate adoption of innovative manure to energy projects on American dairy farms. The agreement represents a dynamic public/private partnership and is another demonstration of the Obama Administration's commitment to curb the emissions of greenhouse gases.

Vilsack Responds to Coalition Letter (National Meat Assn., 12/14) -- U.S. Secretary of Agriculture Thomas Vilsack responded on December 8th to a coalition letter written to him by National Meat Association, American Meat Institute and the U.S. Meat Export Federation on behalf of the U.S. beef exporting industry asking that the U.S. Government establish an age-verification Quality System Assessment (QSA) Program for Taiwan. Vilsack stated that AMS has established a QSA program for Taiwan to facilitate a smooth transition to a full market opening for U.S. beef and beef products in Taiwan. He also appreciates the support of opening export markets to U.S. Beef from the coalition.

House Passes Peterson-Frank Amendment to Strengthen Regulation of Over-the-Counter Derivatives (U.S. House Ag Committee, 12/10) -- The House of Representatives passed a key amendment to a financial regulatory reform bill that would bring accountability to unregulated over-the-counter derivatives for the first time. The House passed the bipartisan Peterson-Frank amendment to H.R. 4173, the Wall Street Reform and Consumer Protection Act of 2009, by voice vote. The amendment establishes a central clearing requirement for participants in the over-the-counter derivatives market while preserving the use of derivatives for end users to hedge price risks associated with their businesses.

IFT and FDA Release New Traceability Study (Institute of Food Technologists, 12/16) -- A report summarizing the findings of a mock trace back/trace forward exercise commissioned by the U.S. Food and Drug Administration's Center for Food Safety and Applied Nutrition has been released by the Institute of Food Technologists. The mock exercise showed there is potential to expedite trace backs by visualizing supply chains to find points of commonality based on data availability, capture, and readiness. It also showed the value of collaboration to reach a shared goal, and the need for standardization of data elements and interoperability necessary for trace back/trace forward investigations. The report recommends guidelines to establish a comprehensive product tracing system to track the movement of food products effectively from farm to table. The report can be viewed in its entirety at www.ift.org/cms/?pid=1002160.

BS Acquires Australian Lamb Processor (Meatingplace.com, 12/15) -- JBS S.A. announced Tuesday the acquisition of Australian lamb processor Tatiara Meat Company. The \$27.5 million purchase of Tatiara makes JBS's Swift Australia unit the largest lamb processor in Australia, with a total slaughtering capacity of 24,500 head per day. Tatiara processes and sells lambs to high-end markets in the United States, Canada and Europe, as well as its domestic market. The company does about \$183 million in annual sales. The sale is subject to approval by the Australian Competition and Consumer Commission.

Selling DDGS To China Benefits US Livestock Producers (CattleNetwork.com, 12/15) -- Economists at the Iowa State University Center for Agriculture and Rural Development (CARD), USDA's Economics Research Service, the UN's Food and Agriculture Organization, and Texas Tech University ventured to China and report there is great interest in DDGS, which would add value to the US ethanol industry. Their report reflects the nearly 10% expansion in the Chinese economy over the past decade, which has provided increased supplies of meat and dairy products to the Chinese consumer, and they say there is a need to expand production of livestock products to meet a future need. Chinese agricultural land cannot supply the food to meet the need and the political system will have to address the issue of food supply in the near future. There are expert opinions that China will be importing 1.4 mmt of meats in the next decade, but the Chinese will also need to import livestock feed as well. USDA projects China will become a permanent corn importer in 2011, after years of alternating as a net exporter and net importer.

Russia Expands Pork Bans (Pork, 12/10) -- Russia on Thursday expanded its ban on U.S. pork imports to include four more plants and said it may close its market entirely if Washington doesn't comply with its quality standards, according to a report by Reuters out of Moscow. The latest action, effective Dec. 18, includes two more Smithfield Foods slaughterhouses, one in Monmouth, Iowa, and one in Clinton, N.C., the report said. That makes seven Smithfield-owned pork facilities banned since late November.

Age Restrictions Lifted (Cattlemen's Beef Board, 12/15) -- The Cayman Islands have removed all age and product restrictions for U.S. beef products from cattle slaughtered on or after May 22, 2007. Prior to this change, U.S. beef exports were limited to

boneless muscle cuts from cattle less than 30 months of age. Through September, beef exports to the Cayman Islands have surpassed \$4 million this year – an increase of more than 30 percent over the first three quarters of 2008.

Korean Demand for U.S. Beef Stronger (Beef, 12/14) -- Weekly statistics for U.S. beef exported to South Korea show a steady rebound of sales, with the pace in late November reaching the second-highest level for all of 2009 and the highest level since February. Although the velocity of beef consumption remains below that of the pre-BSE period, there are clear signs of gains in U.S. beef distribution and usage by the foodservice sector. That sector accounted for an estimated 65% of U.S. beef consumption in 2003.

NCBA Task Force Recommends Major Structure Change (National Cattlemen’s Beef Association, 12/14) – The cattle industry is in the fight of its life, and members of the National Cattlemen’s Beef Association (NCBA) are considering a structure change that would allow the nation’s largest cattle organization to quickly and efficiently address industry challenges without sacrificing grassroots input. The change is being recommended by producers and state organization executives from across the country who participated in NCBA’s Governance Task Force. The change includes development of a smaller Board of Directors, while retaining strong producer input through a new House of Delegates. The recommendation is being submitted for review and approval of the concept at the 2010 NCBA Annual Meeting in San Antonio, Texas, next month.

NCBA To Close Chicago Office, Reopen in Denver (MeatPoultry.com, 12/15) -- The National Cattlemen’s Beef Association (NCBA) has announced it would close its office in Chicago on Dec. 30 as it plans to launch a Center for Beef Excellence in Denver, Colo. in the coming year. Officials say some of the 12 employees of the Chicago office are moving to work in Denver, while others, including Randy Irion, were offered the opportunity to relocate but opted to step down. Mr. Irion worked at the association for approximately nine years, most recently as NCBA’s director of channel marketing.

Iowa Bank VP Fined By FDIC Stemming From Loans To Cattlemen (Omaha World Herald, 12/12) -- A former Woodbine bank vice president faces accusations of misconduct from the Federal Deposit Insurance Corp. Kenneth Waite could be banned from working in banking, after the FDIC accused him of causing \$4 million in losses for two Woodbine banks. The federal agency also ordered him to pay a penalty of \$75,000. The FDIC said Waite showed “personal dishonesty” and a “continuing disregard” for the banks that employed him. The accusations were made in connection with loans granted to Woodbine-area cattlemen.

Waite can request a hearing on the charges, but neither the FDIC nor Waite's attorney would comment on the status of the case Friday. Waite's attorney, Frank Pechacek, only said, “It's strictly a civil matter, and it was caused by a downturn in the cattle market.”

As One Area Livestock Auction Closes, Others Adapt to Changing Markets (Mitchell, SD Daily Republic, 12/12) -- The lights are out, the pens are empty and the stove is cold at the Wagner Livestock Auction. Owner Dale Meyer, 83, said it wasn't easy to make the decision to pull the plug on a business he built over a lifetime, but it had to be done. In his best years, Meyer’s auction operation on the east side of Wagner sold 3,670 hogs in a day, and cattle topped 2,680 in a selling session.

“Now you have a hard time getting 150 to 200 cattle — and that’s after eight hours on the telephone,” he said.

Auditors Say Food Traceback is Flawed (Pork, 12/11) -- A crucial part of the nation's rapid-response plan — the ability to trace food through the supply chain during an illness outbreak or bioterrorism attack — is flawed, an independent watchdog agency has found. Federal auditors found that nearly half of the food manufacturers they surveyed that are supposed to register with the Food and Drug Administration have failed to give the agency accurate contact information. That's according to a report to be released Friday by the U.S. Department of Health and Human Services inspector general's office.

Congress set up the program after the Sept. 11 attacks to keep food safe from bioterrorism and to allow quick

traceback when contaminated food reaches consumers. The report follows a series of high-profile food safety problems in the U.S. involving everything from ground beef to the largest peanut butter recall in history.

Farmers Finding It Harder To Get Loans (CattleNetwork.com, 12/14) -- Some South Dakota farmers say tougher banking regulations in response to last year's financial crisis are making it more difficult for them to get operating loans. Hayes rancher Todd Mortenson, past president of the South Dakota Cattlemen's Association, says ranchers who borrow money to buy livestock are being required to put more cash down. South Dakota Bankers Association President Curt Everson says banks are under increasing regulatory pressure to have more money on hand to back up loans.

Liquidations In Hog Industry Will Also Harm Consumers (CattleTrader Center, 12/14) -- Tough financial conditions for pork producers will continue for at least the next six months, with expected decreases in Minnesota's pork production. Consumers, who are also under economic distress, will ultimately be harmed by disorderly and extreme liquidations in the swine industry. Retail pork prices could increase by as much as 30 percent. Estimates show that hog producers are losing an average of almost \$31 per animal in 2009. Thus far, 2009 is shaping up to be even worse than 2007 and 2008. This will make the longest period of continuous losses for the modern pork industry. Things should improve for pork producers by July, 2010. However, some public policy responses could help pork producers weather the short-term crisis.

Standard & Poor's Puts National Beef on Positive Credit Watch (Meatingplace.com, 12/11) -- Credit rating agency Standard and Poor's announced it has placed National Beef Inc. (the holding company for National Beef Packing Co.) on CreditWatch with positive implications. National Beef has filed an initial public offering for up to \$337 million and plans to use some of the proceeds to reduce debt, including repaying \$27 million of remaining balances of its senior unsecured notes due 2011. The agency placed its 'B+' corporate credit and 'B-' senior unsecured debt ratings on CreditWatch with positive implications, meaning it could either raise or affirm the ratings following a review.

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