



ALONG THE TRAIL

ACA Executive Vice President Billy Powell

2011 – Wow!

Another year has arrived on the scene and now we are into the second decade! Where did 2000 and Y2K go? And after two weeks of trying to keep up with the grandkids, we are ready to get back to work.

Your association is positioned to move forward and face the challenges and opportunities that this New Year brings. We have several bright, eager young members of our staff, which brings lots of enthusiasm to our experienced and dedicated team that has done the job before. I'm excited about this blend and feel your association will benefit.

In addition, we have a good roadmap with the 2011 Strategic Plan and State Beef Checkoff Marketing Plan. Lots of committed producers from around the state worked hard to develop these documents which will keep us moving on track. The new webpage coupled with the use of the internet for communicating offers a lot of new opportunities for your association in keeping you informed and letting our consumers know more about how we produce their food.

And we can't overlook the impact of the historic November elections on our work here in the Capitol City. The new Legislature has already done more to address ethics reform in one week than any other group has done in fifty years. Hopefully this enthusiasm will continue when the regular session starts this spring, and they will tackle other complicated issues like earmarking over 90% of the budget for specific programs.

A Special Invitation to Join us in Montgomery

Your association is "Poised for Progress" in 2011 and we invite you to the Cattlemen's Convention and Trade Show so you can also become "Poised for Progress". The highlight of each year for cattle producers is our annual convention. If you have not attended lately, please take advantage of this opportunity. A great group of speakers will be on hand to update you on current happenings in the cattle industry. Topics will range from the genomics of bull selection to the importance of beef quality assurance in marketing beef today.

There is a complete convention schedule in this issue along with a registration form. I strongly encourage you to join us in Montgomery as it will help you prepare for the exciting times that lie ahead.

One of the items coming out of the Strategic Plan is to increase involvement of our youth. There will be discussion at the convention about increasing the membership in the Alabama Jr. Cattlemen's Association and there will be a special event for the 20-40 year olds on Friday evening. Strengthening the participation of these two groups is essential to producing the next generation of association leaders.

2011 Cattle Industry Forecast

Cattle prices were approaching record levels in several markets at the end of 2010 and are likely to take producers, packers and the rest of the cattle industry into uncharted waters this year. This fact alone

adds reason for you to be a part of the Cattlemen's Convention in February and learn more about what the future may bring.

Experts agree that predicting the outlook for 2011 as we come out of a global recession is difficult at best. However, let's look at some of the things the analysts at Cattle-Fax are saying that could affect your bottom line.

Beef cattle numbers are suspected to be down as we head into the New Year and this will be the 13th of the last 15 years that the cow herd has decreased. This means that we could see a calf crop that declines by 500,000 head this year. Couple this with forecasts calling for domestic beef demand to be steady and global beef demand to increase will certainly put pressure on the available supply of beef. And that's good news for us as most folks are expecting record high calf prices with averages for 550 calves in the \$1.30 range, or \$50 more than last year.

The commodity market is also expected to be strong, meaning higher input costs but good cattle managers should be able to do well this year. We continue to encourage farmers and ranchers to take a look at increasing the beef cow herd here in Alabama. With the declining numbers of cattle and the growing demand for beef, it looks like bright days are ahead.

Marketing through Auction Markets Wise Decision

The Eastern Livestock saga continues as they filed bankruptcy December 6 in Indiana when three creditors filed suit. They are: Southeast Livestock Exchange LLC in North Carolina, asking for \$774,513 for cattle sold; Moseley Cattle Auction LLC, Georgia, is owed \$670,949; and a third creditor, David L. Rings, from Russell Springs, Ky., \$7,100 for cattle sold. According to court documents, Eastern Livestock Company issued between \$81 million and \$130 million in bad checks to around 750 customers.

The Packers and Stockyards (P & S) division of the USDA is the responsible agency for insuring that buyers of livestock are adequately bonded and pay promptly. It is obvious that P & S did not do their job in the Eastern case. We have monitored this situation from the very beginning and will continue to work through NCBA, the Southeastern Livestock Network and our auction markets to help draft legislation that will prevent this from occurring again.

While the Eastern disaster is working its way through the courts, let me remind you about the safety net you have when you sell cattle through an auction market. The auction markets are regulated by the State Department of Ag and the Packers and Stockyard. They must be bonded and pay sellers within 24 hours. The buyer has to pay them within 72 hours. P & S did not force Eastern to comply with this prompt pay regulation. In Kentucky over 200 producers who were selling directly to Eastern received bad checks for their cattle. In Alabama, whether producers sold cattle one at a time or in truck load lots through stockyards, not a single farmer was out any money. The stockyard was the cushion and numerous ones took the financial hit. In some cases the loss was several hundred thousand dollars. Selling cattle the stockyard way protects the cattle farmer from losses when the buyer defaults as with the Eastern case.

Happy New Year!