

Where's The Beef?

Dwindling Herds Combined With Rising Overseas Demand Are Driving Up Beef Prices

BY GEORGINA GUSTIN
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ST. LOUIS — For anyone who loves a good steak, a juicy burger or a nice Sunday roast, these are anxious times.

Prices for beef, which have been climbing for months, hit a record high in December — an average of \$5 a pound — and analysts predict they could climb 5 to 8 percent higher this year.

"Prices have gone up quite a bit. That usually happens around the holidays, but we expect them to come down," said Pam Neal, owner of the steak-centric Al's Restaurant in St. Louis. "Not this time. They're going to be jumping even higher. It's hard to handle."

Beef prices are soaring for a number of reasons. Producers, who struggled with high feed costs and diminishing profits, began shrinking their herds roughly five years ago. Since then, demand from overseas markets has shot up — a record 11 percent of American beef went overseas last year, up from 8.7 percent in 2010.

In July of last year, the U.S. beef herd had dropped to its lowest point since 1958. Also last year, a drought in Texas and Oklahoma, the top two cattle-producing states, forced producers to cull herds. As a result, the number of cattle in the United States fell 2 percent from the beginning of 2011 to 90.8 million head, the United States Department of Agriculture reported last week.

"There's not enough beef out there," said Ron Plain, an agricultural economist with the University of Missouri. "This year, there's going to be less beef, more people, the supply is going to be tighter, and that means more records."

Compounding matters for beef lovers are soaring feed, fuel and production costs, which are forcing price increases all along the production chain.

"Look at our fertilizer costs, our grain costs. Any piece of machinery we buy has just gone up," said Tom Sachs, who raises cattle in Missouri's St. Charles County. "Our input costs are just really high."

For the cattle industry in general, the numbers come as good news. Prices, per pound for a steer, have topped \$1.70 of late, compared with about 95 cents five years ago. For the average 1,300-pound steer, that adds up.

"Times are good," said Mike Miller of Cattlefax, a Colorado-based cattle industry research firm. "Our expectation is it's going



CHRISTIAN GOODEN/ST. LOUIS POST-DISPATCH/MCT
David Means, right, ringmaster and proprietor of Callaway Livestock Center, wrangles four head of feeder cattle at a weekly cattle auction in Callaway County, Mo., recently. Beef prices are projected to increase by 5 percent this year.

ON THE RISE

Prices for beef overall hit a record high in December. Even prices for economical ground chuck have climbed in the past five years.

Average price per pound of ground chuck in December:

| | |
|------------|--------|
| 2007 | \$2.70 |
| 2008 | \$3.00 |
| 2009 | \$2.83 |
| 2010 | \$2.93 |
| 2011 | \$3.27 |

SOURCE: USDA

to be good for some time."

But the good times for the industry have not come without some trials, and some work in courting overseas markets.

Since 1980, according to the U.S. Department of Agriculture, per capita beef consumption has plummeted 25 percent. In 2011, the average American consumed 57.6 pounds of beef, down 13 percent from a decade prior. This year the number is predicted to decline again to 54.1 pounds.

The reasons for the decline are difficult to isolate. But they include health concerns over the higher fat content in red meat, worries about

humane treatment and links to environmental problems, including greenhouse gases — all of which have gotten a lot of attention in recent years. Some people point to public health campaigns, such as "Meatless Mondays," launched by the Johns Hopkins University's Bloomberg School of Public Health, for the shrinking numbers.

The industry insists the American appetite for beef is still strong, while some analysts and researchers suggest the decline, at least in recent years, is simply because of the recession.

"These noneconomic factors are really tough to talk about," said Scott Brown, a livestock economist with the Food and Agricultural Policy Research Center at the University of Missouri. "Frankly, when the consumer goes to the store or restaurant, it's the relative price that's driving their decision."

Whatever the reason for the decline, the country's cattle producers have helped compensate for it by making inroads into overseas markets, particularly in Asia.

"Worldwide consumption of meat and demand has increased," said Jeff Windett, who heads the Missouri Cattlemen's Association. "I think it's just good business sense to expand market opportunities for producers."

Overseas markets also embrace pieces of the animal that Americans typically don't consume, bringing more dollars to American beef producers.

"Tripe, oxtail, tongue ... some of those kinds of meat sell for a lot of money," Windett explained. "It's really creating a market for some of those variety meats and adding value to the carcass overall."

Japan, a major beef importer, restricted U.S. beef in 2003 after an outbreak of mad cow disease but has since eased the barriers. With Japan a major trade destination again, American beef exports are poised to hit another record this year — nearly \$5 billion in sales. China, which does not officially import U.S. beef, could be on the horizon.

"It spells a very bright spot for the U.S. beef industry," Brown said. "There are just a lot of things on the trade front that look to be very positive."

That will, inevitably, put more pressure on prices in American supermarkets, at least in the short term. Because cattle herds take years to rebuild and require huge amounts of capital, it could be some time before the American cattle inventory can help even out costs to consumers, cattle ranchers say.

'Far Ahead' Marketing Workshops To Begin

BROOKINGS — To achieve success marketing their commodities, today's agriculture producers need to consider the big picture, says Matthew Diersen, SDSU professor of economics.

"Before taking advantage of high futures prices, farmers and ranchers need to look far ahead when managing risk. They must make prudent choices about the duration and scope of their risk management tools," Diersen said.

To help South Dakota producers do this, Diersen along with SDSU professor of economics Scott Fausti, and a team of SDSU Extension Field Specialists will host several Far Ahead Marketing workshops throughout South Dakota beginning Feb. 6.

Workshop topics include: Incentives to market early, Input cost risks, Rolling futures strategies, and Crop and livestock insurance considerations for 2012.

Developing the topics and information for the workshops was a collaborative effort between Diersen and Fausti. Diersen has developed and delivered similar programs on livestock insurance in recent years. Fausti conducts research in risk management and will share ways producers can assess input risks.

"These workshops will inform producers on how to utilize marketing and insurance tools to manage their risk in a scope that incorporates knowledge from commodity brokers, the insurance industry, and SDSU," Diersen said.

Funding for the workshops was made possible through a USDA Risk Management Agency grant. The workshops will run from 10 a.m. to 3 p.m. Some workshops are scheduled for two days and will cover topics in more detail. The workshops will be held at the respective SDSU Extension Regional Centers unless otherwise noted.

The Feb. 6 workshop will be held in Winner. The Feb. 10 workshop will be held in Lemmon at the Dakota Lodge. A two-day workshop will be held Feb. 14 and 21 in Aberdeen. A two-day workshop will be held Feb. 15 and 22 in Watertown. A two-day workshop will be held Feb. 16 and 23 in Sioux Falls. A two-day workshop will be held Feb. 17 and 24 in Mitchell. The Feb. 29 workshop will be held in Pierre. The March 1 workshop will be held in Rapid City. A follow-up webinar in March will conclude the sessions.

To pre-register contact specific Regional Center and for more information contact Matthew Diersen at 605-688-4864 or Matthew.Diersen@sdstate.edu.

Annual Row Crop Clinic To Be Held In Parker

PARKER — The only Row Crop Clinic held in the Southeastern part of the state will be held on Feb. 14 at the Parker Community Building in Parker. The program runs from 8:30 a.m.-3 p.m. Coffee and rolls are sponsored by Farm Credit Services and lunch is sponsored by Cargill and CENTRAL Farmers Cooperative. There is a fee for the program and anyone interested may attend. CCA credits will be available.

The program includes Kurt Reitsma, SDSU Extension Precision Ag Field Specialist, who will discuss "Making Cents Out of Yield Monitor Data"; Chris Hay, SDSU Extension Agricultural Water Management Specialist, who will talk about "Land Drainage and Water Management"; Ron Gelderman, SDSU Extension Soils Specialist, who will address "Nitrogen Use Efficiency"; Mike Moechnig, SDSU Extension Weeds Specialist, who will provide a "Herbicide Update"; and Connie Strunk, SDSU Extension Plant Pathology Field Specialist, discussing "Crop Disease Control".

We will also be having a private applicators training in conjunction with our Row Crop Clinic in Parker on Feb. 14. To receive pesticide applicator certification you must attend the entire afternoon session from 1-4 p.m. You also must bring along your driver's license or similar government issued photo ID card.

Funding Offered For Wetland, Habitat Projects

HURON — USDA Natural Resources Conservation Service (NRCS) Acting State Conservationist Paul Flynn has announced a funding opportunity for wetland protection, restoration and enhancement activities on eligible lands in South Dakota. Proposals for projects are due by Feb. 10. Funding comes through the agency's Wetlands Reserve Enhancement Program (WREP), with up to \$17 million available nationwide.

"This is a great opportunity for South Dakota stakeholders to carry out high-priority wetland protection and improve wildlife habitat," Flynn said. "WREP is an important conservation tool and I encourage everyone who is interested in applying to send us their proposals as soon as possible."

WREP is a voluntary conservation program that works through partnership agreements with states, nongovernmental organizations and tribes, as defined in section 501(c)(3) of the Internal Revenue Code. WREP is a component of the Wetlands Reserve Program through which NRCS enters into agreements with eligible partners to leverage resources to carry out high-priority wetland protection and improve wildlife habitat.

Benefits to partners in WREP agreements include:

- Wetland Restoration in high-priority areas;
- The ability to cost-share restoration or enhancement components beyond those required by NRCS;
- Participating in management or monitoring of selected project locations; and
- Opportunities to use innovative restoration methods and practices.

Eligible partners may submit general WREP proposals for individual, watershed-wide or larger geographical area projects. WREP partners are required to contribute a financial or technical assistance fund match.

State NRCS staffs will use a competitive process to evaluate the proposals. Recommended proposals will then be competed nationally for final selection and funding.

This announcement is for General WREP proposals. Proposals submitted through the Mississippi River Basin Healthy Watersheds Initiative are being solicited under a separate Request for Proposals as published in the Federal Register on Jan. 3, 2012. WREP proposals submitted by fax or through Grants.gov will not be accepted.

To submit a proposal or receive information about General WREP, visit www.sd.nrcs.usda.gov, or contact Jeff Vander Wilt, Assistant State Conservationist for Programs, at 605-352-1226, or jef-frey.vanderwilt@sd.usda.gov.

'Growing Ag CEOs' Workshops Begin Feb. 7

BROOKINGS — To ensure a new generation of South Dakota agriculture producers is ready to take on the challenges of operating their business in today's agriculture industry, SDSU Extension developed Growing Ag CEOs.

Growing Ag CEOs is a program focused on connecting new producers with seasoned and successful producers, agriculture leaders and the knowledge and research base found within the University system.

"South Dakota agriculture producers are experts in maximizing yields and raising superior livestock. However, as the average age of the South Dakota producer continues to increase, we're at risk of losing their knowledge, experience and expertise," said Rosie Nold, Ag and Natural Resources Program Director for SDSU Extension. "The number of younger producers eager to fill their shoes is not only dramatically low, but in need of additional skills required to operate in today's business climate."

Nold refers to Census of Agriculture data which showed the number of agriculture producers

between the ages of 35 and 45 decreasing by 40 percent between 2002 and 2007. Although the next generation of agriculture producers is more educated — holding degrees in animal science, agronomy, production agriculture or agriculture technology, many young producers lack experience in the business aspect of production agriculture.

"Successful producers need to be able to identify critical success factors, think through all variables impacting their business and integrate these factors into best management factors. Growing Ag CEOs will help young producers do this," Nold said.

Realizing that many new producers are often the ones who stay home to keep things running, while the older generation attends educational conferences; Growing Ag CEOs will provide young producers with resources, education and experience to focus on developing skills in the business end of agriculture.

"Growing Ag CEOs will help move new producers from an employee mindset to that of the business manager and agriculture

CEO," Nold said.

Growing Ag CEOs provides young producers with the opportunity to work within learning communities, created by SDSU Extension. Adapted to the interests and needs of participants, these learning communities connect new producers with current leaders and mentors in the South Dakota agriculture industry.

To launch Growing Ag CEOs, SDSU Extension is hosting several four-part series of producer workshops throughout the state beginning Feb. 7. Extension staff will lead instruction on specific topics, but the program also has a strong focus on working with mentors and area ag leaders, in a learning community approach.

The first meeting runs from 5:30 p.m. to 8:30 p.m. with the remaining workshop time determined by participants. The workshops will include teaching on Financial Records, Balance Sheets, Cash Flow Statements, and Profit/Loss Statements. Additional teaching topics, including production focused items, will be added or changed based on participant interests and needs. In

addition, meetings in the series will include some "round table" formats involving discussion with key agricultural leaders from the surrounding areas of the host sites. Goals of these workshops include the development of learning communities among the participants and key leaders.

Workshops in the Yankton region include:

- The Winner workshop runs Feb. 9, 16 and 23 and March 1 at the Winner Regional Center.
- The Beresford workshop runs Feb. 15, 22 and March 1, 8 at the Southeast Research Farm.
- The Mitchell workshop runs Feb. 14, 21, 28 and March 6 at the Mitchell Regional Center.

To pre-register, visit igrow.org, or contact Paulette Morse at the Rapid City Regional Extension Center at 605-394-2236 or paulette.morse@sdstate.edu.

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