

In this Issue	
Master Marketer Highlights	1
Marketing Club Corner	1
Guest Column	2
FARM Assistance Update	3
Choice Website	3

Master Marketer Newsletter

<http://mastermarketer.tamu.edu>

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Texas Cooperative Extension, The Texas A&M University System

Master Marketer Highlights

Gainesville Master Marketer Class

On February 27, 2005, the Gainesville Master Marketer class received their diplomas as they finished the 18th class since the program started. The 24 participants were from a large geographic area and represented a wide array of agricultural interests.

Next Class Scheduled

The next winter Master Marketer Class is scheduled to be held in Amarillo beginning in early January of 2006. This will mark the 4th time that the program is held in Amarillo.

Advanced Topics Series (ATS)

It appears there will be a total of about 150 participants in the ATS workshops for the 2004-2005 year. If anyone has suggestions for topics to be covered in a future Advanced Topics Series, please call Dr. Steve Amosson at 806-677-5600.

Ag Market Network

The Ag Market Network was formed to provide timely marketing information and aid in the marketing education of agricultural producers. The monthly conference call is available to any interested group. The April conference call is scheduled for April 12. Go to www.msfb.com to find the schedule for the remainder of 2005. If your group is interested in listening in, call Caroline Gleaton at 979-845-8011 for further information.

Master Marketer Email List

Anyone interested in being added to the Master Marketer Email List can email Elizabeth Spillmann at ershaw@ag.tamu.edu to get their name on the list. Please specify if you would like to receive your newsletter by email only or if you would like to remain on the mailing list. You will also receive periodic announcements of upcoming programs from the Master Marketer Educational System.



The 2005 Gainesville Master Marketer Graduates

Marketing Club Corner



Mark L. Waller

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Interesting club activity

Jackie Smith, the District Economist at Lubbock, has been working with a group of Moore County producers in the Dumas area to form a new marketing club. The group is mostly comprised of farmers who have little or no experience growing cotton in the past, but are trying to move up the learning curve regarding cotton production and marketing, and want to make the move into cotton production this year. A new cotton gin is being built in the area and they are hoping that their involvement in the marketing club will help them get a better feel for cotton market fundamentals, and how the cotton marketing system works. Brent Clark with the Dumas Cooperative has been working with the group. The club has been listening to the Marketing Club Teleconference Network speakers each of the last couple months, and some of them are planning to attend one of the "Cotton Marketing Plan" Advanced Topic Series (ATS) workshops this spring. Jackie Smith and Steve Amosson will be conducting a Cotton Marketing 101 workshop for the group on March 25.

Trading activity

There is a lot of volatility in several of our major ag markets right now. I would assume that some of you, either in your marketing clubs, or individually, are working on/adjusting your marketing plans and setting price objectives/targets where you will be making some new crop sales if the rallies continue. Sometimes when prices get as volatile as they have been recently we get that "deer in the headlights" feeling, and find it a little tough to pull the trigger on new crop sales. This may be more of a problem if you are still somewhat uncomfortable with futures and options trading. One thing that can help, is either taking a position together as a club, or doing some paper trading. Either way, the practice/experience should improve your comfort level and help you get beyond that discomfort level that can be somewhat paralyzing.

If you are interested in paper trading, there are a couple Web-based programs at universities that could prove helpful. A program at the University of Florida called **FACTSim** <http://factsim.ifas.ufl.edu/index.php>, and a program at the University of Illinois called **TradeSim** (continued on page 3)



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Uncertainty in the Cattle Market

Uncertainty continues to be the rule in the cattle market. A big source of this uncertainty is trade. That situation will continue to roil the market for a long time to come. On the domestic side of the industry, demand has played an important role in cattle prices. High prices, however, make it a good time to think about a long term strategy as a new cattle cycle begins.

Trade

There continues to be no resolution on re-opening the Japanese market to U.S. beef. A proposal, backed by research from USDA, suggested that the A⁴⁰ maturity grade would effectively segregate all cattle under 20 months old. While it appears that this was accepted in Japan, much wrangling still must happen in their government's rule making process. So it is likely to be late in 2005 before we might hope to see exports to Japan moving again.

Much more activity has occurred on the Canadian side. USDA released its rule to allow Canadian cattle below 30 months of age entry into the U.S. But, a court in Montana granted an injunction on the rule preventing cattle entry on March 7. Fed cattle futures prices increased on the news, but the issue remains in limbo. Indications are it could take months to work this out.

In 2003, the U.S. imported 740 million pounds of boneless beef and veal items from Canada. By the end of 2003, imports from Canada on a monthly basis were near the levels posted prior to the discovery of BSE in May of that year. In 2004, the U.S. imported 1.06 billion pounds of beef from Canada, but that was not a record. Imports of Canadian beef totaled 28.7 million pounds more in 2002 than in 2004. Expectations are for more beef to be imported from around the world in 2005.

On balance, we are where we were six months ago from a trade standpoint. The uncertainty will remain for a while longer.

Domestic Market

2005 brought an expansion in U.S. cattle numbers, marking the beginning of a new cattle cycle. Good cattle prices and grass in many areas led to expansion after the longest cattle cycle in relevant history.

Cattle slaughter has been below last year's level throughout the year, so far. Most of the decline has been in heifer slaughter due to more being held back as replacement cows. But cattle weights have made up much of the difference in beef production.

Beef production should end the first quarter ahead of last year's pace. For the year, beef production may be up more than 3 percent due to increased cattle slaughter and increased weights.

Fed cattle prices, however, should average in the mid-80's for the year. They should decline, seasonally, in the summer months after highs in the spring. Of course, trade developments will move prices one way or the other. Higher if the Japanese markets opens and lower if the U.S. border opens to Canadian cattle.

Calf and feeder cattle prices should remain, historically, high for the year. With expansion just beginning, the supply of calves and feeder cattle is tight, supporting prices. For the year, 500-600 pound steer calves should average around \$115 per cwt in the Southern Plains. Even the fourth quarter of the year may average around \$105 per cwt. Feeder steers may average about \$100 per cwt for the year.

Demand has been a key point of concern in the beef market. Strong demand fueled by low-carbohydrate diets, have elevated beef prices to their recent record highs. Indications are that beef demand may remain strong, but not as hot as it was. It's important to remember that beef competes with pork and poultry for the consumer's dollar. Record large pork and poultry production is expected for 2005 again.

Summary

In spite of larger beef production, trade disputes, and demand concerns, tight calf supplies will keep calf prices high in 2005. Now is the best time to plan your operation's future as this cattle cycle progresses.

Choice Website

Elizabeth Spillmann
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Texas A&M University

AgMRC, the Agricultural Marketing Research Center
<http://www.agmrc.org/homepage.html>

In 2001, a broad range of agriculture and marketing specialists at Iowa State University, Kansas State University, and the University of California-Davis created the Agricultural Marketing Research Center, a web-based library providing marketing, economic, and business resources for agriculture producers on a national scale. The mission of the Agricultural Marketing Resource Center is to "provide independent producers and processors with critical information needed to build successful value-added agriculture enterprises." This information is helpful to anyone seeking agricultural marketing information and ways to enhance their business structure. Additional goals of the center include providing tools for economic analysis, providing producers with links to electronically available information, and conducting research and analysis on current economic issues facing producers involved in value-added business ventures.

The site is divided into four main sections. The first, Commodities and Products, provides information to help in the assessment of value-added market opportunities for your business, the investigation of processing options, and the understanding of business and production issues for agricultural commodities and products.

The next section, Markets and Industries, contains information to increase producers' understanding and analysis of value-added markets and industries. Business Development provides information about creating, developing and operating a value-added agricultural business, and the Directories and State Resources section provides access to value-added agricultural directories on a nationwide level.

In addition to the major resource sections, the site offers a "What's New" link to recent updates to the site, and "Ask a Specialist," an email link to a specialist from the Agricultural Marketing Research Center for any questions. "Upcoming Events" provides information about industry events that are on the AgMRC calendar. Because of the location of the center, most events are located at or near the three universities participating, but not all.

This site has a great deal of value as both an information source and a source of links to other marketing and value-added business sites. Particularly impressive is that unlike many centers of its kind, AgMRC provides much more national and universally useful information than many of its counterparts that are more locally centered.

FARM Assistance Update

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Personnel Update

In the last nine months the FARM Assistance team has had to say good-bye to two of our long time faculty members. Dean McCorkle has taken a new position for Texas Cooperative Extension. In this role, he will be analyzing the economic impacts of Extension programs throughout the agency, and developing materials that better communicate the value of Extension's outreach efforts. George Knapke has taken a new position with the Agricultural and Food Policy Center. He will be managing the Center's 100+ representative farms around the country. We will miss the valuable contributions of Dean and George. At the same time, we are glad they have not moved far, and will continue to be a part of the Department of Agricultural Economics.

In other personnel news, Jason Morris joined our team in College Station. He is originally from Chapman Ranch near Corpus Christi where his family produces cotton. Jason is a two time graduate of Texas A&M University with a B.S. in Agricultural Economics and a M.S. in Finance. With his background, education, and experience in financial analysis, we look forward to his contributions to the FARM Assistance program.

More new faces should be arriving soon. We have completed the interview process and should have the Corpus Christi position (formerly held by John Parker) filled in April. We also plan to fill the remaining vacancy in College Station before the end of spring.

Partnership with Texas Tech University

"An Integrated Approach to Water Conservation for Agriculture in the Texas Southern High Plains" is the official title of a project that kicked off this spring. Focused around Lockney, TX, the project's goal is to comprehensively demonstrate and communicate innovative water conservation practices and technologies. The project brings together an extensive partnership including: Texas Tech University, The High Plains Underground Water Conservation District, USDA-Natural Resources Conservation Service, Texas Cooperative Extension, Texas Agricultural Experiment Station, and local producers. FARM Assistance will be working with project demonstrators, helping analyze the economic impact of conservation practices and technologies.

Marketing Club Corner (continued from page 1):
<http://tradesim.agecon.uiuc.edu/>, both offer the opportunity to paper trade over the Internet. I have used both programs, and I think they could be of benefit to club members wanting to get some practice through paper trading. If you or your club is interested, check out the Web site addresses listed above, or contact me and I will be happy to talk to you about some of the possibilities (phone: 979-845-8011, E-mail: mwaller@tamu.edu).