

August
2000

Animal Industry News Update

from the LCES Animal Science Division

Economics (Dr. Kenneth N. Wegenhoff)

FAPRI 2000: U.S. Baseline Briefing Book:

The FAPRI 2000: US Baseline Briefing Book has agricultural commodity projections for 2000 to 2009 with 1999 information for comparison. There are sections on the beef, pork, poultry, dairy and dairy products components of the US agricultural sector. Grains and cotton also are included in the publication. This and other publications are available at the FAPRI Missouri website:

www.fapri.missouri.edu

The animal agricultural commodities are summarized as follow:

Cow-calf producers are expected to have positive net returns from 2000 to 2004 with losses starting in 2005, bottoming out in 2007 and then starting to decline.

Net returns for farrow to finish producers are expected to be positive in 2001 and 2002.

Net returns for broilers and turkeys are expected to be positive throughout the 10 year period though declining.

The dairy section covers milk production, milk prices and cheese production. The dairy products section covers cheese, butter and nonfat dry milk.

The Food and Agricultural Policy Research Institute at the University of Missouri, Columbia annually prepares baseline (10 year) projections for US agriculture and international commodity markets. The multi-year projections are published as FAPRI Outlooks, which provide a starting point for evaluating and comparing scenarios involving macroeconomic, policy, weather and technology variables.

Swine (Dr. Timothy Page)

National Pork Checkoff Referendum: The national pork checkoff program money is used for education, research, and pork promotion. The checkoff program benefits all pork producers.

According to John Nichols, professor and associate head of the Texas A&M Department of

Environmental Issues: A survey at the 2000 International Poultry Exposition identified environment as the broiler industry's No. 1 challenge, the egg industry's No. 2 challenge, and the turkey industry's No. 3 challenge. Thus, future growth of the poultry industry will depend on its ability to manage the environmental issues it faces. Today, an environmental challenge is live production (proper nutrient management and mortality disposal). The broiler industry has been exempt from the regulations in the Clean Water

Agricultural Economics, the estimated net return to producers is at least \$4.79 per every checkoff dollar invested. This figure represents the checkoff's strategic benefit, including increasing production efficiencies, cost-reducing technologies, exports, increasing consumer demand, enabling pork to compete with beef and poultry, and advertising campaigns.

That's the good news. The bad news is that USDA Secretary Dan Glickman has ordered a referendum on the national pork checkoff. The National Pork Producers Council and many independent producers feel that Secretary Glickman has been pressured by corporate hog operations to call this referendum in order to eliminate it. The USDA has announced that voting will be held September 19, 20, and 21, 2000, at the parish Farm Service Agency (FSA) offices. Absentee voting will be August 18 to September 21, 2000, with absentee ballots available August 1, 2000.

If the national pork checkoff is eliminated, the Louisiana Pork Producers Association will cease to exist as we know it now. Not only is the LPPA supporting our pork producers, they are paying out approximately \$16,000 per year in Louisiana bred premiums to our young people involved in the swine project program.

I encourage each and every one of you to contact your pork producers, 4-H members, and FFA members and urge them to vote 'yes' in the referendum to continue the national pork checkoff. Anyone that sold at least one or more hogs from August 18, 1998, through August 17, 2000, is eligible to vote. That means that 4-H and FFA members that sold a hog during that time frame are eligible to vote in the referendum.

For more information contact Dr. Tim Page at (225)388-2214 (tpage@agctr.lsu.edu) or Mr. Chip LeMieux at (225)765-2716 (clemieux@agctr.lsu.edu).

Poultry (Dr. Theresia Lavergne)

Act, however that is changing. In several states poultry producers are under environmental permits regarding litter re-use and mortality management. Also, there is increased emphasis on the cumulative effect of the application of phosphorus to land. There is an increasing number of regulatory programs facing processors too. Air-emission regulations are expected to affect the poultry industry in the future (protein recovery plants, cook plants, and even broiler houses).



What is the poultry industry's advantage in all of this? First, the poultry industry is resourceful. Its efficiency and creativity allows production of product at a fraction of the cost of years ago. This resourcefulness can be used to address environmental issues. Second, there are many strong state associations which can comment effectively on legislation or rules, as well as turn out (in sufficient numbers) at public hearings. Third, the industry is integrated. Integration allows for rapid implementation and deployment of practices developed by the industry to face environmental challenges. (Poultry, June/July 2000)

Animal Health (Dr. Steven S. Nicholson)

Bovine Brucellosis: Only 3 herds are known to be infected in the United States, according to the Cattle Health Report, National Institute of Animal Agriculture, Spring 2000. Once heavily infected, Louisiana now is essentially free of this disease. Bovine TB: Louisiana is a bovine tuberculosis free state. Status of TB in cattle is monitored at slaughter. Evidence of infection would be traced back to farm of origin.

Oral Vaccine for Shipping Fever: A new oral vaccine for *Pasteurella hemolytica*, the major bacteria in cattle pneumonia, may be available in about three years. Agriculture Research Service scientists at Ames, Iowa, say the vaccine fed to high risk calves cut mortality from 16% to 4% in trials.

Cooling Overheated Horses: Two groups of Thoroughbred mares were exercised on a high speed treadmill in hot (87.9 ° F), humid (77.7 %) conditions. Exercise was stopped when pulmonary artery temperature reached 106.7 ° F. One group received repeated applications of cold wash water (60 ° F). Within 15 minutes rectal and gluteal muscle temperatures and heart rate declined significantly. The other group was allowed to stand quietly to cool down. Conclusions...Active cooling by washing with cold water is a safe, effective means for facilitating heat dissipation of horses after exercise in a hot, humid environment. Kohn, CW et al., American Journal of Veterinary Research, March 1999, 60(3):299-305.

Ulcers in Horses: Compared to horses fed a diet of only brome grass, horses fed a diet of alfalfa hay and grain twice daily produced a significantly

The news is not all bad. Compared to the 1994 audit, the incidence of medium and major bruises, trim loss due to bruising, disabled cattle, condemnations, and light weight carcasses has declined. The data indicate that some

higher pH in gastric juices. The effect was noted during the first 5 hours after feeding. There were significantly fewer and less severe lesions present in the non glandular portion of the stomach. An alfalfa hay-grain diet may buffer stomach acid in horses. American Journal of Veterinary Research, July 2000, 61:784-789.

Beef

Are Meat, Milk and Eggs Safe? (Dr. Hollis Chapman) When animals are fed genetically modified grains and other feed products, are meat, milk and eggs safe for human consumption? The answer is YES. The process of genetic modification (GM) has been controversial recently, for reasons similar to those used to oppose beef produced with the aid of growth promotants. Some opposition is political, some is due to lack of education and fear.

Genetic modification has been used to increase crop production and, in many cases, reduce the amount of pesticide and other chemicals used in agriculture. This helps to keep consumer costs down and causes no harm to humans when consumed directly, as in cereals, or indirectly, as animal products.

The good news is that GM is just past its infancy. More benefits will be realized in the future.

Not Just Trash - Realizing More Value from Cull Animals: (Dr. Ron DeVecchio) The value of cull cattle is greatly underestimated. Cull cows and bulls represent about 15 to 20% of producer revenue and approximately 20% of the total US beef production. The results of the 1999 National Market Cow and Bull Quality Audit indicated that a tremendous amount of value from cull cows and bulls is being left on the table by cattle producers. There were a number of reasons for decreased value of the cattle; however, the primary reasons were bruising, brands, inadequate muscling/carcasses too light, lameness, partial or whole carcass condemnations, horns, arthritis, and cattle being too fat. Overall the 1999 audit suggests that nearly \$70.00 is lost for every cull cow or bull that is merchandised.

producers are becoming better informed and are responding to these issues. Improving management and marketing of these cattle can add value and generate additional revenue for producers. The bottom line: cull cows and bulls

should not be viewed as “junk” to be trashed but rather as “trade ins” to be merchandised for top value. Source: The Cattleman, May 2000.

Dairy (Dr. Charles F. Hutchison)

Milk prices have been the lowest since the late 1970's and low prices will continue through this year and probably next year too. Higher levels of milk production, particularly from the West, are resulting in an over supply of milk. Even continuing growth in the demand for cheese (over 6 % growth in 1999) can not keep up with the growth in milk supply. During the first quarter of the year US milk production grew 5.1% above the first quarter of 1999. This can be attributed to not only an increase in production per cow but there were 58,000 more cows than during the same time last year. The growth in milk production has to slow down before milk prices will recover.

Dairy product prices for cheddar cheese and nonfat dry milk have languished at or near the CCC support price levels for the past several months. Fortunately, Grade AA butter has shown astounding strength since late April with an almost 25 % increase in prices over the four week period in April and May.

Under the new federal order reform which was implemented on January 1, 2000, a series of formulas and calculations using the individual product prices are used to set producer milk class prices for the following month. For the first half of 2000 the Class IV or butter price has helped set the price for Class I milk. This has been quite significant for dairy producers in Louisiana. Using the Class IV (butter) price to calculate the Class I price mover has resulted in an average of \$1.4933 per cwt. more than the respective Class III (cheese) pricing factor. Most experts tend to agree that the Class III price will eventually rise above the Class IV pricing factor during the later half of 2000. Some market analysts think the peak price for 2000 will occur around October or November with a peak cheese price of \$12.50 per cwt.

On another note, the U. S. Supreme Court has declined an appeal from the Circuit Court of Appeals that the NE Compact had the authority to regulate milk produced outside the compact region that was marketed inside the compact region. This is a strong statement of support for all compacts. Since the Southern Compact area is a deficit region, the ability to price imported milk is very important. The Supreme Court has now confirmed that position.

Sheep (Dr. Terry Dumas)

LAMB MEAT ADJUSTMENT ASSISTANCE

PROGRAM (LMAAP): The U.S. Sheep Industry has experienced a continual drop in profitability and loss in equity. On January 3, 2000, USDA announced a 3-year, \$30 million program of direct cash payments tied to production practices and quality incentives, to assist U.S. lamb and sheep farmers to achieve sustained competitiveness in the U.S. market. The allocated funds of \$30 million are to be distributed over the next 3 years at \$10 million per year. The LMAAP is being administered by the USDA Farm Service Agency with applications and payments through APSS.

The purpose of the program is to provide assistance to producers that (1) have purchased rams for breeding purposes, (2) have sheep enrolled in an eligible sheep improvement program, (3) are making facility improvements and utilized facility improvements for sheep production activities for at least 3 consecutive years, and (4) are engaged in the business of producing and marketing agricultural products at the time of filing an application.

Year 1 of LMAAP is “00” and includes payments for (1) rams up to \$100 per head, not to exceed \$2500 per operation, (2) sheep at \$0.50 per head, not to exceed \$2500 per operation, and (3) sheep facilities at 20 % of cost of sheep and lamb facility improvements, not to exceed \$2500 per operation. These payments will be limited to rams and sheep purchased between July 11, 1999 and September 30, 2000, and facility improvements made during the same period.

Years 2 and 3 (“01” and “02”) include payment rates for both years, with no maximum payment or herd limit for: (1) feeder lambs at \$3 per head, and (2) slaughter lamb carcasses at \$5 per carcass (limited to sheep and lambs “marketed” between August 1, 2000 and July 31, 2002). An additional payment will be made for slaughter lamb carcasses at \$3 per carcass and shall be limited to slaughter lamb carcasses “marketed” between: August 1, 2000 and July 31, 2001 (Year 2) and August 1, 2001 and July 31, 2002 (Year 3). Applicants will file new applications for each marketing period. Producers may visit with the local USDA Farm Service Agency to get the details for this program.