

09/23/2002 Entry: "WORKING GROUP DISCUSSES REGAINING LEVERAGE IN FED CATTLE MARKET"

(GARDEN CITY) – Members of a special Four-State Working Group decided to pursue the concept of collective marketing for the fed cattle sector following a meeting in Garden City. The 21-member group came to these conclusions after hearing presentations by several leading cooperatives in the beef business and engaging in extensive discussion on ways to regain leverage in fed cattle marketing.

The Working Group based its deductions on the premise that government intervention is not the preferred solution. Members favor a voluntary, industry-driven approach to solving the challenges faced by cattle feeders.

Leverage has been lost in the fed cattle sector due to a lack of seller discipline, increased captive supplies, structural changes in the industry and basic supply and demand fundamentals. Top-of-the-week trades were singled out as being especially detrimental to the market.

Realizing the fed cattle trade has changed and likely won't revert back to the way business was done in the past, those serving on the Working Group believe the feeding sector can recapture leverage in the marketplace through new ways of organization. Consensus of the Working Group was that providing a sound marketing alternative, such as a group marketing endeavor, could attract cattle currently sold under various captive supply arrangements. Participants recognized substantial cattle numbers would be necessary to make a group marketing venture successful.

Many cattle feeders, including some of those involved in captive supply agreements, are dissatisfied with the current marketing environment. Working Group members believe companies and organizations marketing cattle through consumer-focused, branded beef programs are taking the industry in the right direction.

Four-State members want to work closely with the National Cattlemen's Beef Association Value Discovery Think Tank to identify a new pricing benchmark that relieves pressure on the cash market and moves away from using sales of cattle valued on averages.

The Four-State Working Group was created to address challenges and arrive at solutions that improve fed cattle marketing. Project assignments were made for a subcommittee to develop the details of group marketing alternatives by September 30. The full group will meet in October to review the recommendations and determine the next steps. Members of the group represent the Kansas Livestock Association, Texas Cattle Feeders Association, Kansas Cattlemen's Association, Nebraska Cattlemen and Colorado Livestock Association.

