

Marketing Update

RAAA Marketing Staff



Commercial Marketing Director
Clint Berry
clint@redangus.org



Director of Added Value Programs
Myron Edelman
myron@redangus.org



FCCP Quality Assurance Manager
Ann Holsinger
ann@redangus.org



Commercial Marketing Specialist
Mikalena Randazzo
mikalena@redangus.org

Pick up any newspaper, visit any mainstream media website or simply turn the TV to any news channel and listen to the “experts” talk about the desperate times we find ourselves living in. To hear the daily reports, you would think that there are thousands of people fighting for their spot in soup lines across the country like the ones seen during the Great Depression 70 years ago. These reports paint a dire picture of hopelessness, a dying economy and the end of the world as we know it.

I guess you’re wondering what any of this has to do with the Red Angus Marketing Update. Truth be told, I’d like to paint an encouraging picture for a change. Lead by those people that know exactly what it is like to make do during the hard times, enjoy the work and lifestyle they love and believe that tomorrow will be a better day. Who am I speaking of? Why the American Rancher, of course. Cattlemen are constantly faced with challenges in the market. Break-even prices, drought, ever increasing land values, rising input costs, high risks and small profit margins are the norm for the industry. An outsider looks at the system and questions the reasoning, never placing value on the lifestyle, tradition, fellowship and stewardship of the land. The future of the beef industry is encouraging.

The past indicates that when the American consumer is faced with tough times, they tighten their belts and make better choices on how to spend their dollars. They don’t stop eating beef; they simply choose to eat out less often and serve dinner at home. They may prepare meals from less expensive cuts and choose burgers over steaks on the grill. For most people, once a beef eater, always a beef eater. Another optimistic fact is that as the world’s economy increases and its citizens are able to afford beef (the most expensive protein source) they rarely return to lifestyles devoid of beef. With the world’s ever growing population, the opportunity for increased beef demand is assured.

Here in the US, the nation’s cowherd is at its lowest size since the early 1950’s; decreasing again this year and expected to decrease next year as well. The status of the nation’s dairy herd plays a major role in beef demand due to the number of kill cows and steers harvested. Their herd numbers are down 25% more than last year’s reduction rates, this stems from the decreasing value of milk, pointing to an eventual decrease in supply of cattle used

for commodity beef. The fed cattle market is showing signs of gaining strength, and over the past few months has shown a steady trend indicating that we may have hit the bottom of the market. Few feedlots across the country are at capacity due to the volatility experienced during the fall run of feeder calf sales. This trend is unlikely to continue due to the demands on efficiency within the operation of the yards and the upcoming summer months which spurs an annual increase in beef demand.

On the Red Angus front, I continue to see strong demand for quality Red Angus influenced feeders and replacement females. Especially those feeders that have added value potential by offering marketing options such as Certified Natural or FCCP tagged calves qualifying for “Angus” product lines and/or Age and Source premiums for the buyers. I believe that future markets will heavily favor producers supplying cattle with the ability to give buyers the flexibility of marketing options vs. simple commodity based feeders that have few outlets. This gives cattlemen great incentives to utilize Red Angus genetics as well as the marketing programs that are provided free of charge for our customers. The early spring bull sales are steady to strong with most reporting average prices to be down \$200 - \$400/head from the highs seen last year. But, it is very encouraging that most seedstock producers are selling all the bulls offered, indicating an overall increase in demand.

For commercial cattlemen, if you have been using Red Angus in your program, this is a good year to upgrade to higher quality herdsires. If you want to try Red Angus in your program, this is a buyer’s market and your opportunity to purchase top quality genetics at affordable prices. Red Angus has helped cattlemen across the country stay profitable and see them through the tough times. With the possibilities on the horizon, now is the best time to add Red Angus to your program and the market flexibility that Red Angus Marketing Programs can add to your calf crop.

Although today’s cattle market is tough, the outlook for the beef industry is bright. A smaller national cowherd means less supply, a growing world population means higher demand, and that equals greater opportunities for cattlemen. Leave it up to the American Rancher to remain calm in trying times and lead the way to a brighter tomorrow by remaining the example of determination and true grit. ■