



NLFA

Administrative Office
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Feeder News

Newsletter for the National Lamb Feeders Association

2010 NLFA-ASI Convention heads to Nashville

NLFA joins ASI in Nashville, Tennessee for the Annual Meeting and Joint Convention, Jan. 20-23, 2010. ASI mailed the convention brochure, detailing the fun and interesting things to do in Nashville, last month and at the first of December NLFA members received a convention registration form along with their annual membership renewal.

Registration forms must be **postmarked by Jan. 5, 2010** to receive the early discount and hopefully, by the time you receive the newsletter, you will have made your reservation with the Sheraton Nashville Downtown **to receive the \$139 + tax room rate, call 800-447-9825. Please note the cutoff date is Dec. 24, 2009.**

The Nashville tours begin on Wednesday, Jan. 20, 2010 with a day-long Industry Tour, including a walking tour of the Tennessee Walking Horse Exhibition Center and the historic Jack Daniels Distillery. Saturday, Jan. 23, is your chance to tour the Country Music Hall of Fame & Museum, with exhibits of costumes, instruments, and memorabilia from country music's stars.

On Thursday morning, Jan. 21st, NLFA Board members will gather for a meeting. Later that day, NLFA members and associates are invited to attend the Annual Business Meeting and Feeder Forum beginning at 1:00 p.m.

On Thursday evening, NLFA members will join the Industry-wide Welcome Reception at the famous Wildhorse Saloon in Downtown Nashville. NLFA, the American Lamb Board and ASI will host this reception, 5:30 to 8:00 p.m.

NLFA members and associates are encouraged to return their registration form with their renewal dues to the NLFA office. Remember, **full registration includes all meetings, Thursday's Industry-wide Welcome Reception, tickets for Thursday's Wool Recognition Luncheon, Friday's Industry Awards Luncheon, and Saturday's Luncheon (plus entertainment) and the evening Make It With Wool Banquet and Fashion Show.**

If you have any questions, please call the NLFA office in Salem: (503) 364-5462.

Important Things to Know about Nashville:

- Flights will arrive at Nashville International Airport, which is 20 minutes from the Sheraton Downtown, 623 Union Street, Nashville.
- Cost of taxi to hotel is \$25 (flat fee)
- Super Shuttle is available to the hotel for \$12 per person.
- Walking Tours will require a comfortable pair of walking shoes and a warm, wool jacket (average daytime temp is 46 degrees).
- Grand Ole Opry at Ryman Auditorium – performances on Jan. 22 and 23 (Friday and Saturday) at 7:00 p.m.

Have Fun in Nashville!

**National Lamb
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ASI Executive Council Report

Submitted by Tom Watson, Feeder Representative to ASI Executive Board

First, let me thank the NLFA for the privilege and opportunity of serving on the ASI Executive Committee for the past four years.

As Co-Chairman with Butch Theos, CO and Chairman with Bill Kuecker, TN, Vice Chair of the Lamb Council, we have been able to initiate several worthwhile projects.

A letter writing campaign to focus on extreme, heavy carcasses and over fat yield grade 4's and 5's carcasses and encouraging processors to maintain a year-round discount of lambs exhibiting those characteristics. The processors are to be congratulated for maintaining these discounts and not rewarding producers for over-finished and overweight lamb.

Through the Legislative Council, ASI Staff and processors, we have been able to continue to obtain from USDA, a shoulder and leg contract that has been able to move timely, critical tonnage to help maintain a steady market.

After two years and a little heartburn, Instrument Grading has taken shape with the help of Superior Farms, Colorado State University, USDA, ASI, and Harper Livestock. This innovative tool will enable more consistent yield grading and the ability to determine retail and wholesale value of an individual carcass. With this technology, if the producer sells his lambs on a yield grade basis, he should be able to reap the rewards of producing a high yielding lamb, while identifying the genetics that produce that lamb.

For the producer that only raises feeder lambs, use of this technology should allow the processor buyer to identify the superior genetics that create the higher yielding lambs at finish.

NLFA members have been able to sit in on major debates and discussions in our industry. For instance, the Bighorn Sheep question – a huge challenge in the Western States and the Wolf Introduction controversy, which is of extreme importance to all livestock producers in the United States.

We have been able to participate in the American Sheep and Goat Center and have representatives on the American Lamb Board, as well as NLPA—the National Livestock Producers Association.

As your representative on the ASI Executive Board, I have been extremely impressed with the volunteer efforts by members of our industry.

As a postscript, we all need to thank Burdell Johnson and his wife Theo for taking on the challenge of FFRM – Food and Fiber Risk Managers. Also, our thanks to Alex Glann for his invaluable help in managing this program for the last two years. If you, as lamb feeders or producers have not taken advantage of this program, you need to take another look.

Thank you for your support.

Tom Watson

ASI's Rebuild the Sheep Inventory Committee holds first meeting

After receiving requests from both lamb packers and wool processors, ASI formed a committee to look into efforts to re-build sheep numbers in the United States. The committee is made up of 10 people from coast to coast, and border to border, with producers, feeders, packers and wool processors represented. Chairman Guy Flora, a producer from Ohio, convened the first meeting of the Re-build Inventory Committee Nov. 10-11, 2009 in Denver, CO.

"Two days of discussions revealed there are a number of ideas to bring to the table and a great many topics to be explored by the committee," concluded Flora.

"We had lamb processors, producers, and people from the wool trade sharing information, with the general agenda of increasing the U.S. sheep inventory, before we loose any more of the infrastructure that services our industry."

The committee reviewed and approved sending an industry survey to help gather the information needed to help define any programs which may be implemented to increase sheep numbers. The majority of the discussion in this first meeting centered on creating a positive attitude in our industry, "Tradition may be our biggest predator", commented Flora. It was noted that considering the downturn in the economy as a whole, and compared to the fall of other meat products and fiber sources, the lamb and wool markets have held up very well.

The committee will meet again in January in conjunction with the ASI and NLFA Joint Convention, but the committee is seeking input from individuals who may want to share their stories of successfully increasing sheep numbers. Committee member Clint Krebs, a liaison between the Re-build Inventory Committee and both the ASI Board and the NLFA Board, pointed out that increasing numbers without maintaining profit margins would be detrimental to the whole concept of forming this committee. •

Lamb Expansion Campaign launched in Alberta

The Alberta Lamb Producers launched a campaign in October to support the expansion of existing flocks and increase lamb production across the province. Canadian lamb producers currently meet about half the demand for lamb, forcing retailers to look outside Canada for their product. The campaign plans to entice existing producers into expanding their businesses to help meet consumer demand, as well as bringing new producers into the fold.

Said Margaret Cook, Executive Director of ALP, " Existing producers need to understand that having new producers enter the industry is not competition. There is plenty of current and future market for everyone. There is greater risk in continuing to force retailers and consumers to buy imported lamb than in having higher production levels of lamb from more local producers."

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The expansion campaign marks the third phase in ALP's strategic plan to grow the provincial sheep industry. Over the past two years, ALP undertook a market survey to gauge what was needed to grow the industry, and what the market was looking for in terms of end product, as well as a producer survey to determine their needs. With this in mind, they developed a new strategic business plan.

The three themes of the new campaign are pride, recruitment and expansion, which were all priorities identified through the earlier research. The campaign includes materials such as brochures, direct mail, advertising and an industry video. These will support existing training materials for new and existing producers. The campaign will also be extended to government and stakeholders to make them aware that the lamb industry is gearing up to the challenge of meeting market demand.

News Release from Alberta Lamb Producers

Drake's Market News

By J. Richard Drake, Drake Livestock Company

calendar

Jan. 20-23, 2010
Joint NLFA & ASI Annual Convention at Sheraton Nashville Downtown in Nashville TN.

March 15-17, 2010
One Health: Implications for Animal Agriculture –Annual Meeting of National Institute of Animal Agriculture in Kansas City, MO. See: www.aniamlagriculture.org

April 7-9, 2010
9th World Sheep & Wool Congress in Sydney, Australia. Pre- and post-congress tours are available to meet leading sheep/wool producers and see Australia. See: www.worldsheepandwoolcongress.com

July 10-13, 2010
Howard Wyman Sheep Industry Leadership School in Columbus, Ohio. Applications due May 1, 2010. See: www.nlfa-sheep.org

Normally I wait until the end of November to project for next year, but with the changes in feed crop and other changes coming into play, I decided to go ahead and put some thoughts into play. As I have talked in earlier letters, I have had great concerns about the feed supply, mainly the corn crop. Another thing that has disturbed me has been the demand for lamb and other proteins under this down economy. Political economists desperately want the GDP (Gross Domestic Product) to improve. At present the 3rd quarter GDP did improve, but only on the funny business done by the government. Actual business did not improve the GDP as employment continued to decline.

Economic growth is measured in terms of an increase in the size of a nation's economy. A broad measure of an economy's size is its output. The expenditure approach calculates GDP by summing the four possible types of expenditures as follows:

$$\begin{aligned}
 \text{GDP} &= \text{Consumption} \\
 &+ \text{Investment} \\
 &+ \text{Government Purchases} \\
 &+ \text{Net Exports}
 \end{aligned}$$

Remember this formula, for politicians will play with this basic formula for their needs. Government purchases are huge as the other increments are all negative. GDP measures the output of goods and services within the borders of the country. Gross National Product (GNP) measures the output of a nation's factors of production, regardless of whether the factors are located within the country's borders. For example, the output of workers located in another country would be included in the workers home country GNP but not it's GDP. The GNP can be either larger or smaller than the country's GDP depending on the number of its citizens working outside its borders and the number of other country's citizens working within its borders. In the United States, the GNP was used until the early 1990's, when it was changed to GDP in order to be consistent with other nations and help politicians play with figures.

The plummeting value of the US dollar will continue to make US meat products globally competitive and push more products away from US consumers and into the export markets. The more bearish view of the market points to continued very high unemployment and the likelihood that unemployment will continue to rise and top 10% in the coming months. This will tend to keep foodservice sales under pressure and there is a sense that the slowdown in foodservice business has had a disproportionately negative impact on protein. One sector that will have to improve, before meat demand in general and especially red meat in particular improves, is restaurants. The August index fell 0.2% from July and now stands at 97.9. Index numbers below 100 indicate contraction while those over 100 would indicate expansion. The index has been below 100 since October 2007 and bottomed at 96.4 last December. Four months of gains ended in May and the index has moved more-or-less sideways since

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◀ Drake's Market News Continued...

that time. The Restaurant Expectation Index is setting just below 100. This is one bright spot. But the issue before the Lamb Industry is demand.

Much of the focus lately is on the supply and demand outlook for grain crops this fall, and for good reason. But we must not only focus on this as the US red meat and poultry supplies going into 2010 remain just as important and muddled. The latest USDA forecasts point to continued reductions in beef and pork production. The USDA lowered slightly its projection for US beef production in 2009 to 29.507 billion pounds, 2.8% lower than 2008 levels. Forecasts are for 2010 US beef production to be down another 1.6%, reflecting the smaller calf crop, but also a slowdown in US cow slaughter rates. As for pork, the latest projections peg 2009 output at 23.029 billion pounds, a slight increase compared to the September projection but still indicating a reduction of 1.4% compared to a year ago. For 2010, USDA forecasts pork output to be 22.455 billion pounds, 2.5% lower than in 2009, but still the third largest annual pork production on record. Broiler supplies are down sharply this year, and at 35.230 billion pounds are expected to be 3.5% lower than in 2008. Forecasts are for broiler supplies to increase by 1.5% in 2010, but that forecast will be greatly influenced by what happens with grain prices this fall and winter. The reduction in US red meat supplies clearly will impact domestic per capita consumption of beef and pork productions. The unfortunate fact is that per capita consumption did not decline simply because of the recession. Rather, US consumers have steadily reduced the amount of protein they consume in the past decade. A person could point to a number of culprits for this, from strong export markets, to higher producer costs, to food safety concerns, etc. Lamb is fairly steady in supply and demand. Our price is finding difficulty in holding as competing proteins price decline and imports continue pressure. Our product is also finding loss of demand because of consistency of product and product getting way too fat.

The following weeks of '09 and early 2010 will find ample product from the lamb industry. The average carcass weights will move toward 72 lb. This is too heavy in this environment. November, December and January will see half of the slaughter average 78 to 80 lb. This along with excessive muddy lambs out of the Midwest will put a strain on the lamb market. At this time last year I projected a slaughter for the fourth quarter of 611,000 head. The number will come in closer to 586,000 head. Total production for the quarter will be about as projected because of increased carcass weights.

The corn progress report showed that US corn producers continue to run well behind year ago and five-year average levels in harvesting the current crop. As of October 25, only 20% of the US corn crop had been harvested, this compares to 37% a year ago and 58% during the comparable five-year average. Corn harvest progress is also behind 1992 levels, a year in which delays and cool, wet weather caused harvest to extend in some cases all the way to January. Trade and academic reports indicate that producers could afford to lose several bushels in terms of potential production losses in order to drop the moisture content by letting the

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Wool/mohair LDP Rates Announced

The final date to request a marketing assistance loan or LDP for wool and mohair shorn in 2009 and unshorn pelts from lambs slaughtered in 2009 is Monday, Feb. 1, 2010.

USDA has simplified the program for 2010 by reporting to one set of national loan rates rather than three regional rates. Graded loan rates are still based on fiber diameter and the national ungraded loan rate is set at 40 cents per pound. Loan rates are used as the basis for commodity loans and loan deficiency payments.

The graded wool loan rates effective on Jan. 1, 2010, are: wools less than 18.6 micron, \$3.88; 18.6 to 19.5 micron, \$3.38; 19.6 to 20.5 micron, \$2.94; 20.6 to 22 micron, \$2.72; 22.1 to 23.5 micron, \$2.56; 23.6 to 25.9 micron, \$2.33; 26 to 28.9 micron, \$1.78; and 29 micron and over, \$1.38. These loan rates are on a clean basis. •

▶▶ *Conclusion Market News ...*

I am looking for the slaughter to decline to 2.27 million head for 2010 producing about 156.65 million pounds of product. The actual price for this year will be about \$219.13 cwt. 2010 will see an average price of about \$213.51 cwt. This is a decline of about 3%. Compared to other proteins, this is very optimistic.

Promotion is working well for the industry, but we as an industry have to get a more CONSISTENT PRODUCT WITH LESS FAT. The bigger lambs are carrying too much seam fat. Feed costs are going to remain high in the near future. This means the optimistic feeder lamb purchases are marginal at best and wet feeding conditions run up feeding costs. •

◀◀ *Drake's Market News Continued from Page 5...*

crop dry out in the field. The bottom line of all the conversations about the current corn crop is that delays in harvesting may affect final production figures and more importantly producer costs. The delays will also impact the necessary fieldwork that needs to be done in preparation for next spring's plantings. For livestock and poultry producers, the current developments in the grain markets are discouraging. There was some hope that moderating feed costs could allow producers to bring a small margin back in the business. Out front corn futures are near or above \$4 per bushel, a price that could continue to move up given the harvest uncertainties and prospects of an even weaker dollar and all that implies for export demand and energy prices.

USDA released the results of its monthly cold storage survey. The report was generally positive for the livestock and poultry complex as it showed continued declines in overall red meat and poultry supplies. Total beef, pork, chicken and turkey stocks were estimated at 2.218 billion pounds, - 6.1% lower than a year ago, but still =1.7% over the five year average. Total pork stocks as of September 30 were estimated at 531.9 million pounds, +1.1% higher than a year ago and still some +14.9% higher than the five-year average. While overall supplies in cold storage are still high by historical standards, it was positive that stocks continued to over lower in September despite relatively large pork production levels. Total frozen poultry supplies were down 4% from the previous month and down 9% from a year ago. Lamb and mutton are as follows:

FREEZER INVENTORY				
Sept. 30, 08	Aug 31, 09	Sept. 30, 09	% OF	
,000	,000	,000	Sept. 08	Aug. 09
20,796	19,045	17,486	84	92

It should also be noted that with the Australian \$ over 90% of the US \$, the large inventory of Imported Lamb in the US is costing significantly more US \$ to purchase by importers and will probably be sold at lower prices than when it was put into the freezer. Demand for lamb has not significantly improved from recent weeks in spite of lower prices of the product. Australia's lamb exports to the US rose 46.5% over the previous month and 15.3% over September 2008 to 2,861 MT. During the first three quarters of the year, Australia's lamb exports to the US reached 27,400 MT, which was 10.2% higher than a year ago. This is the equivalent of 60.280 million lb. or nearly a million lambs. The people down under have 40%+ of our business. This product is trimmed. The increase in carcass weights does not impact only the supply coming to market, but higher carcass weights tend to generate more trimmings. I think the industry needs to think no more than a 150 lb. lamb. There is too much thinking that 160 lb. lamb is O.K. Even if it is a mountain lamb, this bigger lamb has too much trimming in general.

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New Ultrasound Techniques Improve Sheep Breeding

Advances in genetic research are changing breeding procedures for sheep producers, leading to faster, cheaper and more accurate techniques. New research is making it easier to predict the future—at least as far as lamb products are concerned.

At the U.S. Sheep Experiment Station in Dubois, Idaho, research leader Greg Lewis and his colleagues have shown that ultrasound can be used to accurately predict characteristics that indicate carcass yield and value in live sheep. This could significantly improve the speed and accuracy of selective-breeding methods. Since carcass data is difficult for producers to obtain, many of them currently rely on visual appraisals to predict carcass traits before choosing which sheep to breed. Ultrasound provides a faster, more accurate alternative.

To assess the reliability of the technology, scientists captured ultrasound images of 172 lambs before slaughter. At Ohio State University, assistant professor Henry Zerby coordinated the collection of carcass-trait data for the lambs. Lewis collaborated with Agricultural Research Service scientists and Dave Notter, a geneticist at Virginia Tech, to analyze the data.

Results showed that a trained technician can capture an ultrasound image in about 30 seconds with reasonable accuracy. Scientists can use the images to estimate traits that influence the carcass value of market lambs, such as loin muscle area, loin muscle depth and back-fat thickness.

Ultrasound is initially more expensive than visual appraisals, but the technique's superior accuracy may translate into better economic returns through improved evaluation and selection of breeding stock.

To read the full article go to: www.ars.usda.gov/is/AR/archive/oct09/ •

New Small Plant Help-desk offered

USDA's Food Safety and Inspection Service has launched a new small plant help-desk for operators of small meat, poultry and processed egg products establishments. The help-desk provides direct access to knowledgeable staff specialists to assist processors with agency requirements and with state and local food regulatory agencies.

The FSIS small plant help-desk will serve as a "one-stop shop" for plant owners and operators with questions. More than 90% of the 6,000 plants inspected by FSIS are small or very small. FSIS staff will assess callers' requests and provide information and guidance materials that best meet their needs. In situations where the answer is not readily available, the staff will research the issue and follow-up with the caller. As appropriate, the help-desk will provide a portal to other services, such as AskFSIS, the existing Internet service offering official agency responses to inquiries on agency policy.

Inquiries can be made to the help-desk by toll-free telephone or by email. The help-desk is open from 8:00 a.m. - 4:00 p.m. EST, Monday through Friday, excluding Federal holidays. Call 1-877-FSISHelp (1-877-374-7435) or by email: InfoSource@fsis.usda.gov •

2010 Sheep & Wool Congress Set for Sydney

The 9th World Sheep and Wool Congress will take place at the Rosehill Gardens Event Center in Sydney during April 2010. World sheep and wool congresses are staged in one of the world's sheep producing nations every three years.

The congress, endorsed by the Federal Minister for Agriculture, Fisheries and Forestry, Tony Burke, and primed with federal government seed money, is gearing up to attract around 1,000 international sheep and wool producers and agribusiness delegates.

Highlights for the Sydney event include major presentations on food security, sheep genetics, human health, marketing, trace-ability technology, the sheep/wool value chain, and high-end wool fashions. Three up-and-coming wool and sheep meat producers will also provide the strategies they are using to turn a profit.

International and local delegates will be invited to join pre- and post-congress tours, including visits to regional stud and commercial sheep and wool enterprises, research and development facilities, and the renowned National Wool Museum in Geelong.

More info at: www.worldsheepandwoolcongress.com •

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NLFA's Leadership School prepares for 2010

This year NLFA's Howard Wyman Sheep Industry Leadership School hosted 26 students in Greeley, CO from June 28 to July 1st for an intensive and productive study of Colorado feedlot operations and the sheep industry as a whole. The "class of 2009" included six women and 20 men, ranging in age from 21 to late 60s. Best of all, the 2009 participants represented an extremely diverse group in terms of their involvement in the sheep industry, creating an excellent atmosphere for learning, discussion, and the development of new ideas.

NLFA would like to thank Ron Cole for his assistance in bringing together an excellent line-up of speakers this year and coordinating an outstanding program for the 2009 Leadership School participants.

Preparations are underway for the 2010 Leadership School in Columbus, Ohio. Once again, the Leadership School teams up with Roger High, Ohio State Sheep Extension Associate, Dr. Henry Zerby and Dr. Paul Kuber of OSU Meat Science program to incorporate the popular Lamb 509 program offered by Ohio State University. The 509 Lamb Program is a hands-on program offering students the opportunity to evaluate live animals, observe harvesting techniques, learn about carcass evaluation and grading, as well as fabricate the carcass into wholesale and retail products.

More information will be available about the 2010 Leadership School program after the first of the year. Meantime, anyone interested in attending the Leadership School, July 10-13, 2010 in Columbus, Ohio should download the application form from the NLFA web site: www.nlfa-sheep.org, complete the questions and essay, and submit to NLFA before May 1, 2010. The essay applications will be reviewed by the Leadership School committee.

To apply, you must be 20 years of age or older. No fee is required to apply. Applicants will be notified of their acceptance to the Leadership School as soon as possible after May 1st, to allow time to arrange transportation to Ohio. NLFA provides meals, lodging, and makes the arrangement for site tours; however, students are responsible for their own transportation to and from the school site. Details are provided after you receive notification of your acceptance.

For more information, contact NLFA administrative office: (503) 364-5462 or info@nlfa-sheep.org •