

September 6, 2019

The Honorable Sonny Perdue
Secretary of Agriculture
U.S. Department of Agriculture
1400 Independence Avenue SW
Washington, DC 20250

The Honorable Greg Ibach
Under Secretary for Marketing & Regulatory Programs
U.S. Department of Agriculture
1400 Independence Avenue SW
Washington, DC 20250

Dear Secretary Perdue and Under Secretary Ibach:

Thank you for your recent efforts in directing USDA's Packers and Stockyards Division to launch an investigation into the price margin volatility that beef cattle producers experienced following the August 9 fire at the Tyson Beef Plant in Holcomb County, Kansas.

In the week following the fire, steer prices dropped 5 to 10% in our states. Cattle futures were 5% lower one week after the fire and are still at these levels. Live cattle futures dropped 8% in a week and remained at these depressed levels.

At the same time, choice boxed beef cutout values surged 7% in the first week and are 8.5% higher three weeks after the fire. The Holcomb plant processed 5,000 head of cattle per day. Following the fire, it was reported the total number of cattle processed would be down. However, recent cattle slaughter reports since the fire only show a .2% drop, compared to the week prior to the fire.

Alabama Farmers Federation, and the Arkansas, Georgia, Louisiana, Mississippi, and Texas Farm Bureaus have a combined membership of 1.6 million and over 17 million head of beef cattle. As many of our members look to market and deliver cattle to feedlots, this continued volatility is creating uncertainty, making crucial risk management decisions even more difficult.

In closing, we commend the Department for taking action to launch this current investigation, and request that continued efforts of monitoring the market volatility continue in the near future. Our members simply want to make sure that we maintain integrity in the market.

Sincerely,

Mr. Jimmy Parnell, President
Mr. Randy Veach, President
Mr. Gerald Long, President
Mr. Ronnie Anderson, President
Mr. Mike McCormick, President
Mr. Russell Boening, President

Alabama Farmers Federation
Arkansas Farm Bureau Federation
Georgia Farm Bureau Federation
Louisiana Farm Bureau Federation
Mississippi Farm Bureau Federation
Texas Farm Bureau Federation