

MISSOURI NEWS SCENE



SEN. KIT Bond addresses members of the Missouri Levee and Drainage District Association at their annual meeting in February.

Fight continues over spring rise

By JERILYN JOHNSON

THE U.S. Army Corps of Engineers called off a scheduled spring rise on the Missouri River in March. That extra water was intended to encourage spawning of pallid sturgeon, an endangered species protected by the U.S. Fish and Wildlife Service.

Bottomland farmers, who prefer to call the spring rise a "man-made flood," have been fighting the idea. Releasing extra water into the river in spring when natural floods are most likely doesn't make much sense to them. Combined floodwaters would back up into farm fields during planting season.

"We can't consider it a victory," says Tom Waters, who farms on the river at Orrick and chairs the Missouri Levee and Drainage District Association. The Corps is planning another rise in May.

The first rise was canceled because drought in the upper Missouri River basin kept water levels low in the chain of "flood control" reservoirs in Montana, North Dakota and South Dakota.

The water is being held for release later in the summer to supply drinking water to cities and cooling for power-generating plants along the river.

"Mother Nature saved us," Waters says. "But, we can't celebrate. Farmers and ranchers are suffering from that drought."

New strategies

At their annual meeting in Columbia Feb. 25, MLDDA members heard politicians, state agencies, farm groups, farmers and even Corps officers discuss the alternatives to spring rises.

Corps leaders say they can't ignore the law. The Endangered Species Act is one of their "mandates." New legislation is needed to change operations.

Sen. Kit Bond, R-Mo., assured members he wants to change the law. So far, his proposals have been stalled by threat of filibusters. He needs 51 votes in the Senate. However, 41 senators can stop legislation with a filibuster. The

Key Points

- Scheduled spring rise on Missouri River canceled due to drought.
- Missouri River levee group seeks action against spring rise ruling.
- The U.S. Army Corps of Engineers still has plans for a spring rise in May.

pallid sturgeon has powerful friends. Environmental activists lobby for the fish and other endangered species.

Directly to the Corps, Bond said President Bush has given farmers a "mandate" to produce biofuels to reduce U.S. dependence on imported oil. "Farmers can't grow food and fuel on flooded fields," he said.

Rep. Kenny Hulshof, R-Mo., of the 9th District carried the message to the House of Representatives, which can't filibuster.

Hulshof does not understand the Risk Management Agency's ruling that flood damage caused by spring rises is not covered under federal crop insurance. Man-made floods aren't "acts of God."

Right to water is at heart of issue

IN the Missouri Levee and Drainage District Association meeting, debate continued for and against the U.S. Army Corps of Engineers' spring rises on the Missouri River. All speakers had finely honed arguments.

"We've been talking with the Corps since 1988," says Tom Waters, MLDDA chairman. The water fight began in the drought of the late 1980s, when North Dakota wanted to hold water in the reservoirs.

William Bryan, from the Missouri Attorney General's Office, which handles river litigation for the state, says, "Don't misunderstand; this is not about saving the pallid sturgeon. It is about control of water."

Beef backgrounders should be prepared for changing market

By DUANE DAILEY

MISSOURI feeder-calf producers should look ahead to fall marketing time now. This may be the year to hang on to calves a little bit longer and sell later in the fourth quarter.

"Keep an eye on the lighter cattle moving out of the severe drought areas in the southern Plains," says Scott Brown, livestock analyst at the University of Missouri Food and Agricultural Policy Research Institute.

Brown sees a "bubble" of southern stockers moving into feedlots well ahead of their normal movement. "We are seeing strong signs of the problems the drought area has had on wintering of calves."

The cattle-on-feed report highlights the situation. In February, for the feedlots of 1,000 head or more, an additional 306,000 cattle were on feed compared with a month earlier.

"There is a whopping 768,000 head, or 7%, more than a year ago," Brown says. Feedlots in nearly all states are showing large inventories, but Texas shows the largest increase, with 110,000 head. Kansas has an extra 80,000 head, and Nebraska has an extra 60,000.

A closer look at the USDA report tells the story of what is happening, Brown says. Calves weighing less than 600 pounds make up a large part of the new placements. "It appears the lack of wheat pasture or other forage in the dry areas has forced the lightweight cattle into feedlots earlier than usual."

In January, the Texas placements of light cattle went above 90,000 head compared with a year ago. Texas ranchers moved an extra 115,000 head to feedlots.

Other states see the same trend, but not as big as the early Texas marketing.

'Bubble' moving through feedlots

A big bubble of cattle is moving through U.S. feedlots. Keep in mind that more cattle are coming down from Canada, as well. "We're in the second year of receiving Canadian cattle less than 30 months of age headed to U.S. feedlots," Brown says.

The size of this combined pace of placements has surprised many analysts. What's this got to do with the Missouri feeder-calf market?

"A whole lot," Brown says. Those extra placements will be ready for slaughter in the third quarter of 2006. "We're going to see a supply of slaughter-ready cattle that we have not seen in years," he says. "We may see pressure on late-summer and early-fall calf prices as feedlots deal with lower slaughter-cattle prices."

That supply could dampen the price outlook for fed cattle in that third quarter — the very time when Missouri cattle begin moving to market.

How bad is the situation? FAPRI currently projects third-quarter fed-cattle prices at below \$80 per cwt. for the first

Key Points

- Keep an eye on the stocker market and cattle-on-feed reports.
- Extra calves have moved to feedlots due to drought conditions in southern Plains.
- Only so many calves are available, which could increase demand late in year.

time since the second quarter of 2003.

When feedlots are receiving lower prices, they will bid less for cattle coming into their lots at that time.

"A price below \$80 will put feedlots on the negative side of the ledger, considering what they've been paying for calves so far this year," Brown says.

Good news

The good news is with that many cattle going through the feedlots early, there could be a shortage of slaughter-ready cattle in the fourth quarter of this year, Brown says. "There will be a hole in the supplies. This hole in marketing seems more likely given that last year's calf crop was only 275,000 head above the 2004 level," he adds.

There is more good news. The lighter cattle going into feedlots will finish lighter. This will hold down total beef production for the year, helping the price.

Take-home message

Cow-calf producers with grass and/or access to byproduct feeds can hold on to their calves this fall, keeping them until feedlot buyers are looking for more replacements.

Better prices on fed cattle coming out of the lots in the fourth quarter should put feedlots in a mood to pay more than they will in September.

On the other hand, Brown adds, "This all depends on no unforeseen events, such as a short corn crop. The favorable outlook also depends on Missouri getting some rain and growing some grass to keep the cattle at home a bit longer."

