

# **NEWS**

# **Port City Stockyards Company**

**Established 1931**

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7-31-11

**OVER MY SHOULDER**

**FOR RELEASE ON RECEIPT**

**J.D.SARTWELLE JR., PORT CITY STOCKYARD CO. SEALY, TEXAS**

During July, relief from the heat and lack of moisture came in only a few places. Those that had been getting moisture continued to get it while the whole country experienced elevated, and in many cases, extreme temperatures during the month. People and livestock suffered as well as crops in various stages where ever they were. Livestock prices remain relatively strong bolstered by a good export trade while uncertainty with the effects of too much rain, not enough rain, and extreme temperatures on grain and soybean crops kept prices high. Washington was dominated by debt ceiling talk with a little bit of congressional activity concerning agriculture as the month went on.

Weather close to home was the same old six and seven as wide spread changes did not occur; some areas in our own big state did see a little relief in the form of heat showers. If you were lucky enough to get two or three you saw some grass green up and then begin to grow. Areas along the coast into Louisiana and Mississippi seemed to get the most of it as some areas experienced monsoon type rains and went from being somewhat dry to excessively wet.

It seemed that not much went on with the political scene except rhetoric concerning the debt ceiling and it went on and on and on. Early month saw the Senate and the House begin holding hearings on the GIPSA livestock marketing guidelines that have remained controversial. The guidelines have drawn the attention of the House and Senate as an unnecessary intrusion into the marketing of livestock and has had funding withheld for implementation and further work on it. The House and Senate both are holding hearings on the corn based ethanol subsidies program and are making sounds about phasing the program out by eliminating the 45 cents per gallon to ethanol producers and the 54 cent tariff on imported ethanol.

It doesn't look like any of the three pending free trade agreements will make it to the congress before the summer break.

Approval might get sticky as the Administration is still pushing for renewal of the Trade Adjustment Assistance program before presenting the free trade deals with Korea, Columbia and Panama. The U.S. and Mexico reached an agreement to end the ban on Mexican trucks coming into the U.S. under the NAFTA agreement. Mexico agreed to immediately reduce by half the retaliatory tariffs on U.S. imports and end them completely when the first trucks come into the U.S. under U.S. rules.

You said what? The United Egg Producers (UEP) and the Humane Society of the U.S. (HUMUS) entered into an agreement to ask the government for legislation and rules for the purpose of transitioning the industry from primarily a conventional cage-egg production system to an enriched colony-cage housing system over a period of 15-18 years. What did you say? Boys, don't think for a minute that the "chip away theory is not alive and well. Who's next.

The mid-year cattle inventory reported was issued late month and indicated that in the face of cow liquidation in Texas, Oklahoma, and New Mexico is reducing the cow herd to 31.4 million head, 99% of last year. Beef heifers held for replacement purposes are 95% of last year while the 2011 calf crop is estimated at 99% of last year.

Looking at the cattle markets and starting with the fed cattle complex which has been bolstered by a robust export trade, fed cattle began the month with a top of \$113.00/cwt. The second week of the month put on \$2.00 before backing down to a top of \$108.50 at end of month. Cut out values seem to go up and down and indicate that the export trade is in stronger hands than domestic demand. It can be fickle also, so we might continue to see a little volatility in the fed deal.

At the markets, calf numbers are un-seasonally larger as well as looking at increased number of cows and bulls being eliminated. Calf prices have remained high while slaughter cow and bulls prices have reflected the strain on kill capacity. Some cows and bulls are going a long way to be harvested. Pricewise, a few thin cows are selling in the thirties, with a straight canner up to the low fifties, while the fleshier cows are selling high fifties into the sixties. The calf trade is still relatively high and mostly unchanged. The pork complex is still looking at slaughter hogs in the seventies.

One more summer month and if this one goes without much rain, we'll sure nuff see cows continue to come to town. It seems that so far, not even a tropical storm at the end of the month can change our patterns.

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