COOPERATIVE EXTENSION
UNIVERSITY OF CALIFORNIA

COUNTY OF TULARE
FARM AND HOME ADVISORS OFFICE
AGRICULTURAL BUILDING
WOODLAND AND W. MAIN STREETS

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June 23, 1986

TO: LIVESTOCK MARKETING COMMITTEE

I am sorry we couldn't meet as soon as hoped for but there were some housekeeping activities that needed to be done before it would be appropriate to proceed. These having been done I will tell you where I think we are.

I talked to Jim Cothern and he said "Bob, I can't do it all but I will help." Jim has been asked to do a lot of things and is busy but he has some good ideas (see enclosure). In addition he has some recent surveys on cattle marketing practices that also will provide some good leads.

I also talked to Duncan McMartin, our Program Director. We have his physical and moral support and hopefully financial support for getting together might follow. No promises but certainly a positive reception.

However, before making any commitments he would like to develop a task force to critically examine the needs of the beef cattle industry and look at priorities. I am sure marketing will be high. Duncan plans to move on this immediately and hopes to have objectives in place before the end of the summer. I am sure we can incorporate some of these objectives into our work group plans.

The CCA marketing seminar scheduled for the afternoon of July 10th in Sacramento should be interesting. I think a lot of time will be spent on a cooperative marketing plan (see page 30 of Beef/June 1986). I plan to attend and hope that any of you who can, will.

We will keep pushing and keep you informed.

See you soon.

Sincerely,

Bob Miller

Robert F. Miller
Farm Advisor

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Encl.

cc: Ron Knight
Duncan McMartin

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Cooperative Extension Work in Agriculture and Home Economics, U. S. Department of Agriculture, University of California, Tulare County Cooperating.

COOPERATIVE EXTENSION
UNIVERSITY OF CALIFORNIA

DAVIS, CALIFORNIA 95616 REPLY TO:

Department of Agricultural Economics
June 17, 1986

Bob Miller, Livestock Farm Advisor
Cooperative Extension Service
County Civic Center
Visalia, CA 93291

Dear Bob:

You will probably be surprised to see this letter so quickly after our phone conversation. If the letter is not drafted now, it is probably not going to be.

You asked me about my viewpoint regarding the marketing problem from the standpoint of an economist-- so here goes:

Symptoms

--Major basis[1/] difference between California feeder cattle and other regions

--Decay in basis, or loss of basis premium for fed cattle between California and other competing regions

--Seasonal differences between Spring and Fall Markets

--Thin markets or pricing for both feeders and fed cattle

--Falling range and pasture values

--Apparent lack of marketing alternatives

Problems

--Loss of feeding, ranching and stocking alternatives

--Loss in packing plant numbers

--Declining product demand

1/ Basis here is defined as the difference between average California market prices and those prevailing in highly "liquid" markets, i.e. Oklahoma City for feeders, Iowa-High Plains for Feds

--Generally poor prevailing agricultural economic conditions

--Increased competition from other food products

--Poor or inappropriate risk and/or business management

Alternatives

--Consider assuming different "market channel" functions, i.e. cow-calf to wintering or stocker (w-s), w-s to feedlot, feedlot to packing plant etc.

--Adapting joint geographically separate operations, i.e. stock in California, feed in Idaho, Washington, Nevada, etc.

--Vertical integration, i.e. purchase of facilities in market channel above or below

--Blocking cattle to increase negotiating leverage in thin markets

--Exploring joint ventures for purposes of product merchandising, branding

--"Custom" operations in any of the above, including professional management

Considerations

--Transportation Requirements

--Loss or shrink estimates

--Ration requirements and alternative values

--Feed support performance capability, i.e. pasture, range or feedlot

--Adequate business management and record keeping systems

--Risk management, i.e. weather, price and institutional

--Appropriate "hardware-software" employment

These are just a few, but some of the most important areas in an economic study of some of the marketing-management problems. At least, the previous seem to be some of the most important.

At any rate, use as you see fit.

Bob, I really appreciate your leadership. Keep up the good work!

Sincerely,

James Cothern

James Cothern,
Extension Economist

JHC/jhc