

# Outside the BOX: Looking ahead

by **TOM FIELD**,  
NCBA executive director  
of producer education



While it is tempting to dissect 2009 — a year characterized by political, social, and economic turmoil — a quick summary is sufficient:

- The United States of America incurred massive national debt.
- Despite subsidization, the ethanol

industry operated at below breakeven prices, resulting in a freefall of corn prices back to 2007 levels.

- The weakened domestic economy resulted in declining beef demand.
- Profitability was difficult to attain

for any segment of the livestock industry.

- New national leadership did not result in greater access to international markets.
- The attacks on free enterprise, property rights, and agriculture were unprecedented in U.S. history.

2009 reintroduced Americans to tough times, and 2010 shapes up to be a year of continued volatility. As we look to the unfolding of a new year, the words of America's greatest farmer statesman, Thomas Jefferson, come to mind: "I believe more in the dreams of the future than the history of the past."

Our republic was founded on the bedrock belief that dedicated focus on a clear and compelling vision coupled with self-reliance, hard work, and personal accountability could sustain citizens through difficult times. Indeed, these characteristics are at the core of America's ability to navigate through war, economic crisis, political and social unrest and climatic events such as the Dust Bowl. These same values will be required to undertake the significant task of rebuilding the economy, strengthening communities and assuring the future of American agriculture.

There are several realities (beyond the aforementioned summary of 2009) that simply must be recognized as cattlemen look to the future.

- Recovery of significant economic growth will be a process of years, not months.
- Access to international markets for beef and beef byproducts is critical to returning profitability to both feedyards and cow-calf producers.
- Engagement in the policy and political process is a requirement, not an option.
- Commodities, foodstuffs and other traditional business engines will likely play a significant role in building economic momentum.
- Land values will appreciate as investment capital looks for a more stable home.

Building a game plan for the next two to three years is a daunting job in light of high levels of uncertainty on many fronts, but through the careful evaluation of a number of factors, insight and perspective can be gained.

- Measures of unemployment, consumer confidence, savings and spending will define when demand for beef is staged to grow. Unemployment is at a quarter of a century high, consumer confidence hit its lowest mark in decades in the first quarter of 2009 and has begun a slow and sluggish recovery



**AMERICAN ANGUS ASSOCIATION**  
THE BUSINESS BREED

## APPLICATION FOR REGULAR MEMBERSHIP

American Angus Association, 3201 Frederick Avenue, Saint Joseph, Missouri 64506  
(816) 383-5100 • Fax: (816) 233-9703 • www.angus.org

I (we) hereby make application to the Board of Directors of the AMERICAN ANGUS ASSOCIATION for Regular Membership and, in consideration of acceptance, agree to conform to and abide by the By-Laws, Rules and Regulations of the Association and Amendments or Modifications thereto which may, from time to time, be adopted. By signing this application for membership, applicant irrevocably waives any claim against and grants an absolute release to the American Angus Association, any member, employee or agent of the Association, for any act or omission in connection with the Association, including but not limited to, any enforcement of the rules and regulations presently in effect or hereafter adopted by the Association. It is requested that the Membership be entered as follows:

**Membership Name** \_\_\_\_\_ **Location of Herd** \_\_\_\_\_  
PLEASE PRINT (Limit Name to 24 Spaces) (City) (County) (State)

**Mail Address** \_\_\_\_\_  
(P.O. Box, or Street) (City) (County) (State) (Zip)

**E-Mail** \_\_\_\_\_ **Date of Birth (If under 21 years of age)** \_\_\_\_\_

**Phone # Home** ( ) \_\_\_\_\_ **Signed** \_\_\_\_\_

**Phone # Business** ( ) \_\_\_\_\_ **Date** \_\_\_\_\_

**Fax #** ( ) \_\_\_\_\_

- Fee of \$80.00 is enclosed and includes a one year subscription to *Angus Journal*
- Certificates enclosed for correction
- Enclosed is my membership fee of \$30.00. I understand this membership does not include subscription to the *Angus Journal*. Initial here \_\_\_\_\_.

**Corporations** — In case of a corporation, the corporate name shall be entered on the application, which is to be signed by a duly authorized officer, and below, on this side, at least two officers of the corporation shall sign their names.

**Partnerships** — In case of a firm or partnership, the name of the firm or partnership shall be entered on the application, which is to be signed by one of the partners, and below, on this side, all partners shall sign their names.

**President** \_\_\_\_\_

**Vice Pres.** \_\_\_\_\_

**Secretary** \_\_\_\_\_

**Treasurer** \_\_\_\_\_

### PLEASE READ THE FOLLOWING BEFORE FILLING IN APPLICATION; THEN DETACH

Regular membership may be applied for in the name of a person; a farm or ranch name; a partnership; or a corporation. Membership fees are payable at the time the application is submitted.

**Your regular membership is good for one year. Thereafter, annual dues are required for all regular memberships.**

Application should show the name in which the membership is to be entered. If animal registrations are to be applied for in an individual's name the membership should be in the name of the individual; if by a partnership the membership should be in the exact name of the partnership; if by a corporation the membership should be in the exact corporate name. All partners in a partnership, and at least two officers of a corporation must sign their names on the application.

The length of the membership name and location must not exceed 40 spaces, for example:

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36 37 38 39 40  
 J o n e s & S m i t h C a t t l e C o R o c k R i v e r I A

**WHEN SUBMITTING THE APPLICATION PLEASE ENCLOSE THE REGISTRATION CERTIFICATES OF THE ANGUS CATTLE YOU NOW OWN. ASSOCIATION RECORDS ARE KEPT IN MEMBER AND NON-MEMBER SECTION OF THE FILES, AND THE CERTIFICATES WILL ENABLE US TO REMOVE THEIR RECORD FROM THE NON-MEMBER GROUP AND PLACE THEM UNDER YOUR NAME IN THE MEMBERSHIP SECTION. YOUR REGISTRATION CERTIFICATES WILL BE RE-ISSUED SHOWING YOUR EXACT MEMBERSHIP NAME AND MEMBER CODE NUMBER. THIS WILL GREATLY FACILITATE REGISTRATION OF NEW CALVES WHEN YOU SUBMIT APPLICATIONS OR TRANSFER ANIMALS YOU NOW OWN.**

since, retail sales, which plummeted by some \$40 billion from 2008 to 2009 has bottomed, and consumer savings are at quarter century highs.

- Beef and competing protein production fell significantly under the pressure of lowered demand, raising production costs and increasing regulatory interventions. Beef and pork production are likely to remain at 60-year lows in 2010, while the dairy herd contraction should be complete by mid-year. Tonnage of chicken will rise due to competitive retail prices, and the ability to shift inventories more quickly than its red meat competitors. Declining production will lead to increasing fed-cattle and feeder prices but these will translate into modest levels of profitability.
- Export market trade in both tonnage and value will be critical to pull the beef industry out of the doldrums while providing support for reversing culling rates in the beef herd. Given the administration's seeming lack of interest in reopening international markets, 2010 will not likely provide any significant news. Of concern is the ability of the industry to respond to a potential increase in international demand for U.S. beef given the decline in cattle numbers.
- Costs of inputs continue to influence profitability — fuel, feed and fertilizer lead the pack in importance. Volatility in input prices is likely to continue for the foreseeable future, and, as such, comprehensive risk management strategies should be pursued.
- Interest rates and inflation (deflation) are key macro indicators that have the potential to have significant impacts. It would be a mistake to assume that interest rates will remain at current levels for the long-term and it is difficult to reason that inflation will not rear its head in the next three to five years. Some analysts are expressing concern about deflated prices at both wholesale and retail levels.

Taken in total, these indicators suggest that 2010 will be characterized as steadying the ship from the chaos of 2009. However, building significant economic momentum with the engines firing on all cylinders is likely four to five years in the future. Nonetheless, global food demand will rise each and every year; consumer confidence will stabilize, and as it begins to rise people are likely to reward themselves by shifting their eating habits to higher valued items.

There is promise in the future, but capturing it will require a return to the foundational principles of American life — self-reliance, personal accountability,

hard work and active engagement as citizens of communities and the nation.



**Editor's Note:** Tom Field is a rancher from Parlin, Colo., and the National Cattlemen's Beef Association (NCBA) executive director of producer education.

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