

EDITOR'S NOTE: Cattle-Fax, the market analysis service associated with the National Cattlemen's Association, recently celebrated its 10th anniversary. This service has been helping cattlemen during some of the most difficult and volatile times in industry history. The accompanying article tells how Cattle-Fax got started and what it has been, and is doing for producers and feeders. The article includes several specific examples of how members use and profit from the information and consultation provided by Cattle-Fax analysts.



Topper Thorpe

Cattle Fax After Ten Years

When many cattlemen in various parts of the country were suffering losses or missing profits as a result of poor timing of cattle sales, Maryland cattleman Bill Hodge was sitting back counting his profits.

Hodge's good fortune was a direct result of his association with Cattle-Fax, a Denver, Colorado-based market information and analysis service with members across the nation. (Cattle-Fax is associated with the National Cattlemen's Association)

Hodge explained that during the traditionally unpredictable month of May, when grass for feed was not yet green and the market was still strong, many neighboring cattlemen were delaying sales, hoping for better prices. Hodge, with 50 cull cows ready for market, placed a telephone call to Cattle-Fax. He asked for an unbiased and factual determination of the state of the market, and he was told by Cattle-Fax analysts that there were indications the market was heading for a reversal.

The Maryland cattleman sold his cows without hesitation. If he had waited only one more week to sell, which was his original intention, he would have received \$5,000 less.

"I trusted the judgment of Cattle-Fax analysts because they had properly advised me in the past," Hodge said.

"Since May, I have been reorganizing my operation and relocating it to Georgia, and as far as I can determine, Cattle-Fax not only has paid for itself; I don't think I could manage my operations without it."

Hodge's report on the effectiveness of Cattle-Fax is not unusual. In fact, numerous reports concerning the dollar-earning value of Cattle-Fax have circulated throughout the nation with increasing frequency since the inception of the information service a decade ago.

How It All Started

The non-profit service emerged during a tumultuous period in the late 1960's, when there were growing concerns among cattle industry leaders about the accuracy and lack of depth of USDA figures, according to Topper Thorpe, general manager of Cattle-Fax.

"In 1965, USDA adjusted its inventory figures, and it was the general feeling among cattlemen at that time that we needed something in addition to USDA figures if we were to control our own destiny to some degree," Thorpe explained.

"The Market Development Committee of the American National Cattlemen's Association was charged with developing a program that would provide market information distinct from USDA's — a program that would be operated by and for cattlemen."

"It was absolutely necessary for us to have some means of verifying data issued by the government."

After several years in the development stages, the committee gained approval to start operations in 1968.

"We had troubles at first," Thorpe recalled. "We started with just two staff members and a small secretarial staff, and it wasn't enough to do the job. We had to revamp the entire program.

Modifications were made on data collection, and we arranged to lease time on a wire service. Then the system began to function.

Service Broadened

Cattle-Fax originally catered primarily to the large feedlots because of their experience and sophistication in the marketplace, but by 1971, Cattle-Fax expanded to include the cow-calf segments of the industry, and many farmer-feeders also joined. Presently, Cattle-Fax is operated by 19 specialized industry analysts who are aided in the gathering and dissemination of facts by an in-house computer system.

Cattle-Fax continues to serve many of the larger feedlots. However, many smaller operators — without the purchasing, sales and other specialists of the large operations — find Cattle-Fax particularly valuable in their marketing and also in their cattle purchasing and longer range planning.

Thorpe emphasized that Cattle-Fax not only provides up-to-the-minute information on activity in cattle regions throughout the nation; it also analyzes data to keep cattlemen informed on cyclical trends. The result is more effective management and marketing strategies for the members.

"Cattle-Fax is a professional business market analysis service owned, financed, and managed by cattlemen," Thorpe said. "Each day, our analysts talk to 400 to 500 members to receive the most accurate information on range conditions, feed supplies, break-even levels, supplies on hand, buyers' attitudes, prices, price trends, feedlot conditions,

and investor interests.”

“Inventory and other data is provided by members, so the information on inventories and marketings is not only accurate and timely; it’s information that is not available to non-members.”

Toll-Free Phone Service

At any time during the day, a full service member can reach his regional analyst on a toll-free telephone number for information on market conditions anywhere in the country. This can be supplemented by adding the teletype service if needed. In addition, a special membership is available to smaller feedlot operators and producers which enables them to receive weekly written reports only.

“One of the most attractive aspects of our service is its help to cattlemen on the smaller side of the spectrum,” Thorpe continued.

“This service is easily affordable for the cattleman who conducts only one transaction a year, and it’s proven to be a valuable tool for lenders because it provides them with a much improved means for evaluating loans.”

Examples of Users

The Northwest Livestock P.C.A., which specializes in livestock financing in Oregon, Washington and northern Idaho, has been subscribing to Cattle-Fax for five years, and has helped borrowers greatly by having the service, according to J. E. Herburger, general manager.

“The cattle market is so volatile — it changes so fast that lenders are compelled to keep up with the market the best way we know how — Cattle-Fax,” Herburger said.

“I simply could not operate without Cattle-Fax. Marketing is the rancher’s weakest point. At times, the market moves so fast ranchers find it impossible to stay on top of what’s going on. When a rancher contacts our office to determine what we think of a proposed transaction, I in turn contact Cattle-Fax for advice, and within minutes I know whether or not he’s getting a good deal.”

Southeastern Cattlemen

A “good deal” is an understatement for one Alabama cattleman who earned an additional \$1,800 as a result of one telephone call to Cattle-Fax.

Bill Brown, of W. M. Brown Farm and Feedlot, Atmore, Alabama, sells some 6,000 head of cattle a year, and utilizes the weekly reports on a regular basis. But when he requires up-to-the-minute information, he simply calls his Cattle-Fax analyst in Denver.

“Recently, on a Friday, I called Cattle-Fax to ask what the analyst thought would transpire over the weekend, because I was planning to sell 120 steers on the following Monday,” Brown said.

“The analyst told me they could not imagine the market dropping during the weekend. I was ready to make the deal Monday, but I had no idea the market had suddenly shifted upwards at noon. I contacted Cattle-Fax again and was told of the improvement. I sold the cattle that afternoon for \$1.50 more per hundredweight. If I had sold the cattle in the morning, I would have received \$1,800 less. There have been many instances like this.”

Curtis Avery Jr., current president of Cattle-Fax and a partner in Canaam Farms of Pine Mountain, Georgia, was 45 minutes early for a buyer’s meeting at the Atlanta Airport recently, and he was prepared to set a price for feeder cattle.

“Since I was a little early for the meeting, I decided to contact Cattle-Fax,” Avery said. “Naturally, I called Cattle-Fax the afternoon before, and Cattle-Fax the afternoon before, and the information I received at that time was what I based my figures on. But I called again anyway, and sure enough, a south Texas feedlot raised its price 50 cents per hundred weight. I raised my price accordingly and realized an additional \$4,000 for my cattle. Had I not called that morning, there would have been no earthly way for me to know of the market fluctuation.”

Colorado Feeder

Trend analysis has become absolutely necessary for commercial feeders as they attempt to cope with the tricky psychological factors unique to the cattle industry. At Farr Farms Company in Greeley, Colorado, about a dozen different newsletters are subscribed to, but only Cattle-Fax supplies the unopinionated information necessary for unbiased decision making, according to W. R. Farr, executive vice-president.

“Cattle-Fax is fundamental because it deals with facts and figures,” Farr said.

“Psychology and attitudes can do a great deal of damage to the market, but Cattle-Fax is not opinionated. It bends over backwards to be conservative, and I can always depend on this. Cattle-Fax has information not available in other letters, because the figures are actual — not estimated. What really amazes me is how some cattlemen can believe they don’t need or can’t find a

use for Cattle-Fax. I know that if I didn’t subscribe, there would be many instances where I wished I did.”

California Feeder

Although Will Gill, Jr., of Will Gill & Sons, Incorporated, Madera, California, utilizes the teletype daily and makes periodic telephone calls to Cattle-Fax, his most important interest in the service is analyzing daily computations to gain a general overview of the market.

As one of the originators of Cattle-Fax, Gill maintains that the service is part of his total marketing system and has been most valuable when successful attempts are made to hedge cattle.

“Cattle-Fax has always laid the cards on the table, and that’s what I want. Give me the facts so I can make the proper decision. That’s the only way to operate.”

Midwest Operators

During 1973, when the industry in general held back cattle during the price freeze, Jack Maddux of Maddux Cattle Company, Wauneta, Nebraska, was selling his cattle on the advice of Cattle-Fax.

“When the freeze was lifted, prices took a nose dive, and I saved between \$10,000 and \$20,000 because most of my cattle were sold before the freeze ended. The key to our success in using Cattle-Fax is simple — we make decisions based on advance and accurate information.”

Wally Nelson, an original charter member of Cattle-Fax and a partner in Wal-Jan Farms of Archbold, Ohio, said Cattle-Fax analysts predicted a strong undertone in a recent market would strengthen prices — and that was exactly what happened.

“I have to know what’s going on at all times, so I’m utilizing the service constantly. At times, I think I’m ahead of packers and that’s a good feeling. Cattle-Fax makes the difference.” For more information about Cattle-Fax, contact: Cattle-Fax, P. O. Box 989, Denver, Colorado 80201, phone — (303) 839-5516. ☐

