

Lead In

by Richard Spader, executive vice president



Good tidings for Angus producers

Too many times in the past decade or so, cattle producers have seen roadblocks shoved into their paths just when price improvement seemed imminent. By most indications, that scenario may be history for a while for cow-calf producers and, hopefully, for cattle feeders as we embark on the current stage of the cattle cycle. Whatever the situation, we in the Angus business have many solid reasons for optimism about our current status in the beef business and the implications for the future.

The increase in registrations of Angus cattle in fiscal year (FY) 2000 comes at a time when the nation's cow numbers are at their lowest point in years. This, combined

with a \$241/head increase in the average sale price of Angus bulls, indicates at least two things.

First, demand for Angus is stronger than in past years. Second, since there are fewer beef cows to be bred, any growth in the use of Angus bulls has come at the expense of other breeds. We are, in fact, increasing our share of the bull market.

This is a tribute to the long-range breeding programs of Association members and to the national, state and individual-herd advertising and promotion programs that have helped convince commercial cow-calf producers that they stand a better chance of improving profits with Angus-sired cattle.

A study conducted by the Association in 2000 supports this observation. The survey indicated 60% of producers purchased Angus bulls during the previous 12 months, and the same percentage anticipated buying Angus bulls in the next 12 months. The next-highest percentage for bull purchases was 13%. In addition, more than 50% of respondents indicated that Angus was the major or one of the major breeds in the makeup of their commercial cow herd, leading the next closest breed by more than 40 percentage points.

The strong price of females sold at auction during the fiscal year, which was a near-record at \$2,480, indicates improved demand among registered Angus breeders for breeding stock. The number of new members joining the Association shows that more cattle producers see an improved future for themselves in the registered Angus business.

Breeders continue to rely heavily on Angus Herd Improvement Records (AHIR) when making breeding decisions and when merchandising their cattle. The number of birth, weaning and yearling weights processed by breeders in FY 2000 was the highest on record.

Maybe more important, there is evidence that commercial cow-calf producers rely on AHIR and the *Sire Evaluation Report* more

now than ever. Speakers at the National Angus Conference in Lexington, Ky., in September hammered home this point as they emphasized the use of highly predictable data to make genetic change in their registered and commercial herds.

Much of the optimism about and demand for Angus cattle has been fueled by Certified Angus Beef LLC (CAB). For the first time in its 23-year history, more than a half-billion pounds of *Certified Angus Beef*[™] (CAB[®]) product were sold through foodservice, retail, export and value-added markets.

To bring CAB closer to home, approximately 10.5 million head of Angus and Angus-type cattle were purchased by CAB-licensed packing plants for consideration as CAB product. Of this number, more than 1.92 million carcasses met the rigid quality specifications.

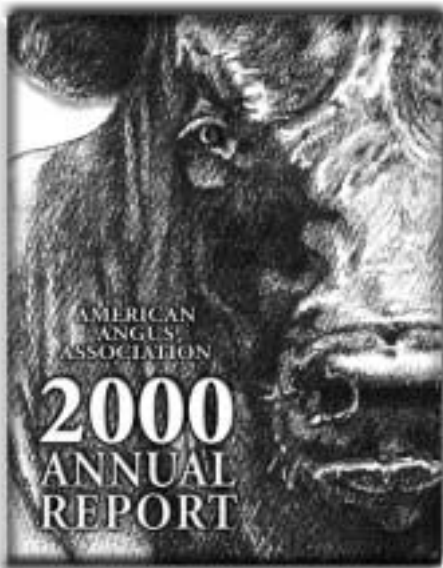
The demand for CAB product has, no doubt, prompted the decision at most major packers to offer buying grids that favor high-quality, high-yielding Angus cattle. This policy helps support a Choice-Select spread that, as of the week of Oct. 23, was \$11.

Our activities and junior programs continue to encourage participation in the Angus business. Many new breeders tell us that shows and show reports influence their decision to join the Association. The events and programs boost cooperation among Angus breeders and offer an excellent opportunity to share ideas and fellowship.

I encourage you to read the 2000 American Angus Association Annual Report in this issue of the *Angus Journal*. It records the solid accomplishments of Angus breeders and of their Association.

We welcome your comments about the Annual Report — or any aspect of Association business — at any time.

Richard J. Spader



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