



Movin' Forward

► by **Bryce Schumann**, chief executive officer

Learn from past, look toward future

The new year presents an opportunity for a fresh start with a fresh look at your operation.

Changed picture

As we celebrate the New Year, it is a perfect time to look back and reflect upon the past year. What a roller coaster ride it was. For many cattlemen, 2008 will be a year they'll gladly put behind them.

When I wrote my first column for the July *Angus Journal*, the cost of feed and fuel was on everyone's mind. At that time, corn was selling for \$7 per bushel (bu.), and crude oil was fetching a price of \$140 per barrel. Today corn is selling for \$3.15 per bu. on the cash market, and oil is hovering around \$43 per barrel.

The economic state of the nation, including people's attitudes about their economic outlook, has changed as well. The cattle business has seen prices fall for all classes of cattle.

What do we look forward to in the New Year?

Opportunity

As we evaluate the potential of the year to come, we do have some opportunities. Feed in almost all areas of the country will be cheaper in 2009 than in 2008. The reduction in the cost of carrying cattle through the year has to be viewed as welcome news for all cattlemen.

Cattle-Fax data indicate beef prices in times of recession tend to move with per capita beef supplies rather than with the economy as a whole. In 2009, per capita beef supplies are expected to decline 2.5%; however, beef prices are not forecast to decline significantly.

The fundamentals of the Angus business look to be strong for 2009. Certified Angus Beef LLC (CAB) is coming off a record year, with 634 million pounds of *Certified Angus Beef*® (CAB®) brand product certified. That's an increase of 8.6%.

Percent Angus in the U.S. harvest mix hit

64% in August 2008 and averaged more than 60% for the next three months. This is the first time in the history of the program that percent Angus has raised to this level.

The AngusSource® program reported tremendous growth in 2008, with 113,161 head enrolled, for a growth rate of 24.8%. Data gathered from seven Superior Livestock Auction video sales conducted between June and September 2008 documents the value of information. Seventy-five lots of AngusSource calves brought \$3.37 more per hundredweight (cwt.) than non-verified calves and \$1.29 more per cwt. than calves verified in other programs.

Market volatility, as evidenced by 2008, is not going away and may well be on the increase. But these market moves do provide for buying and selling opportunities for your inputs and cattle.

In any sector, quality always tops the market, which is why CAB continues to grow even in tough economic times. Information is becoming one of the most valuable currencies we have, and I think it is a reason why we should encourage our customers to evaluate the AngusSource program. Providing source, age and genetic information to the marketplace can help our customers get the most out of their genetic investment.

I wish you a happy and prosperous New Year as we "Move Forward" together.

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