

Sauk County Marketing Club
Tuesday, April 12, 2005

Meeting was called to order at 11:10.

Attendance: Ric Accola, Robin Craker, Doug Marshall, Mel Zech, Kevin Knuth, Harley Wiese, Paul Dietmann, Mike Goetsch, Bob Muchow, Mark Pelton

Went over our 2005 marketing plan. Need to send out dairy plan.

Guest speaker was Jon Hermann from Equity Livestock.

Use mini contracts (100,000) rather than 200,000 lbs. on milk; no more than 30 cents premium as a rule of thumb (25 – 35 cents)

Speculators – wide range of people including small percentage of dollars held mutual funds that are being invested in commodity contracts. The mutual funds have a big impact, as even a small percentage of a fund is a lot of money.

Beef: Very strong despite Candia border situation. Canadian inventories are in a similar situation as ours: relatively low and very current. All annual Canadian imports prior to border closing were 1.2 million head; about two weeks of US kill. When the border opens no cull cows (older than 30 months) will be allowed, so number will be less than 1.2 million. Our supply is down and demand is high. Pork supply isn't pressuring beef.

Cattle for fall delivery should have 76 – 80 puts under them.

Hog expansions unlikely. Bankers aren't willing to take the risk on hogs after getting burned in late 1990's.

Grains: Not much upside potential. Huge potential crop this fall added to huge carryover from 2004 harvest. John suggests locking in a good basis now if you know you will be selling out of the field this fall. Goal should be a basis of ten cents under or better.

Japan wants paper trail on cattle. Canada has it, we don't. Japan won't accept US beef until we accept Canadian beef. Packerland – 21% of their kill was cull cows. Eastern packing plants need the Canadian border open to stay in business. Those plants will eventually shut and reopen in the western US. We are killing 650,000 head, but US capacity 850,000 – 900,000.

Motion by Mike Goetsch, second by Harley Wiese to adjourn the meeting.

Meeting was adjourned.

Respectfully submitted,

Paul Dietmann, Secretary