Cattle Feeder Perceptions of Livestock Mandatory Price Reporting

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Abstract

Because of the significant investment in the mandatory price reporting program (MPR) by the USDA and by packers, it is important to understand what producers believe about its effectiveness. This study reports results from a survey of feedyards located primarily in Kansas, Nebraska, Texas, and Iowa. Results indicate a diversity of opinion regarding MPR effectiveness. On average producers are neutral to negative regarding the value of MPR to them. Interestingly, feedlot characteristics appear to have little systematic relationship to the manager's perceptions regarding the usefulness of MPR.

Keywords: Market information, Price reporting, Livestock, Cattle

Introduction

In April of 2001 the USDA implemented the Livestock Mandatory Price Reporting Act of 1999. This act requires packers who slaughter 125,000 head of cattle per year to report to USDA, twice daily, every purchase and sale of livestock and boxed beef. Mandatory Price Reporting (MPR) is an expensive endeavor. Preliminary industry estimates were that compliance would cost beef packers $7,420 per plant annually and the Agricultural Marketing Service nearly $6 million in 2001 alone. MPR is a new program that has undergone and will continue to undergo scrutiny by the beef industry, USDA, and policy makers. Therefore, it is essential to determine its usefulness. Is mandatory price reporting of fed cattle working? Have beef producers benefited from MPR? Have benefits been similar across cattle feeders having different characteristics? These questions must be addressed to assess net benefits of MPR. The central objective of this research is to answer these questions. This will help establish how successful the MPR program has been and how satisfied feedlots are with MPR as compared to the previously used voluntary price reporting system. In addition, we estimate how particular characteristics of a feedlot affect feedlot manager attitudes regarding MPR.

Since it is a new program, quantifiable research on the effectiveness of MPR has not been done. However, the USDA is scheduled to complete a comprehensive review of the effectiveness of MPR in 2003. Thus, information regarding perceptions of one of its primary intended beneficiaries, cattle feedlots, is timely. From the first day of implementation, individuals involved in the day-to-day maintenance of the program dealt with a multitude of problems including compatibility between USDA and packer computer hardware and software, sparse price reporting because of a confidentiality clause used in implementation of price reports, an error in computer code used to calculate boxed beef cutout values, and numerous other issues. Accompanying these problems, there have been numerous concerns voiced by different players in the market about the effectiveness of MPR (e.g., *Cattle Buyers Weekly*). This study reports results from a survey of cattle feedlot managers to determine their perspectives and attitudes regarding the effectiveness of mandatory price reporting.

Background

A voluntary livestock price reporting system has been in place at the USDA Agricultural Marketing Service (AMS) since 1946. But, many participants in the industry believed that the changes in the market in recent years rendered the voluntary system ineffective. Congress passed the MPR in large part because of pressure from producer organizations that were concerned increased formula sales and marketing agreements between feedlots and beef packers had made voluntarily reported price information sparse and not representative of beef and cattle market conditions. For example, in the early 1990s approximately 10% of daily local fed cattle cash market price reports in Kansas and Texas were not reported because of insufficient trading volume. By 2000 this had increased to nearly 60%. Many producers were also concerned that certain feedlots were getting special deals with packers that were not available to others (i.e., they were concerned that price discrimination was present) and that were not reflected in daily USDA-AMS market news reports. Producers wanted more spot market price information, prices and quality premiums and discounts for noncash fed cattle sales, volumes of contract, formula, and packer feeding deliveries, increased boxed beef price information, and export sales data reported to help them negotiate terms of trade. They were demanding more transparency for cattle and beef sales transactions. MPR was implemented to address these concerns.

The act requires packers to report prices paid for each animal purchased and the terms of each transaction. These reports are released twice daily and weekly summaries are also reported for several local and regional fed cattle markets. In addition, increased details on boxed beef prices and movement are reported

From the start, MPR faced many challenges. First, proponents had quite high expectations of what MPR was going to accomplish. Some felt MPR would cause fed cattle prices to be noticeably higher as fed cattle sales negotiating leverage became more favorable to cattle feeders as a result of more price information availability. Others anticipated the so called “sweetheart deals” certain feedlots were thought to be enjoying would be revealed. Opponents cited excessive costs of implementation and suggested that in the end these increased costs would actually reduce fed cattle prices. Originally, MPR was to begin in January 2001. Numerous unanticipated problems with collecting and summarizing transaction information from packers delayed inception until April 2001.

Shortly after being launched, critics of MPR abounded including both original opponents as well as many that had aggressively lobbied for MPR. Initially, a confidentiality clause in reporting resulted in many daily reports being non-reported. This problem was so severe that in August 2001, five months after inception, USDA substantially modified this clause. Between April 2, 2001 and August 17, 2001, before the confidentiality clause was modified, 81% of the regional and national daily afternoon direct slaughter negotiated purchase prices were not reported because of the confidentiality clause. After modification of the confidentiality clause none of the

regional and national daily afternoon direct slaughter negotiated purchase reports between August 20, 2001 and April 2, 2002 were not reported because of confidentiality.

A further challenge facing MPR was a calculation error in boxed beef price reporting that resulted in approximately the first six weeks of boxed beef prices being under-reported. This error raised serious concerns among industry participants regarding the integrity of a reporting system that already had skeptics. Perhaps the strongest concern among early proponents was that expectations of what MPR would do to contribute to increasing cattle feeder leverage in price discovery and negotiating terms of trade did not occur. Essentially, little "new" information that was not already reported under the voluntary system was revealed.

Empirical Model and Procedures

A major objective of this paper is to determine cattle feeder opinions regarding mandatory price reporting and to quantify how feedlot characteristics influence a feedlot manager's level of agreement with the following statements: 1) *Mandatory price reporting is benefiting the industry*, 2) *Information on regional/national daily fed cattle cash prices, base prices used in grid pricing, premiums/discounts using in grid pricing, and boxed beef prices has increased*, and 3) *MPR has enhanced my ability to negotiate cash prices, base prices or formulas, grid premiums/discounts with packers*. As discussed later, a survey was conducted to answer these questions.

Responses to these statements were queried using a scale of 1 through 9, with 1 *strongly disagree*, 5 *uncertain* or *no opinion*, to 9 *strongly agree*. Feedlot characteristics and concerns about the cattle marketing environment by feedlot managers were used as explanatory variables to summarize how perceptions varied across feedlots. Because feedlot manager perceptions of MPR (Y_i) range between 1 and 9 they are doubly censored at 1 (*strongly disagree*) and 9 (*strongly agree*). An empirical representation of this problem for producer *i* is

$$(1)\qquad \begin{aligned} Y_i &= 1 && \text{if } 1 \geq X_i\boldsymbol{\beta} + e_i \\ Y_i &= X_i\boldsymbol{\beta} + e_i && \text{if } 1 < X_i\boldsymbol{\beta} + e_i < 9 \\ Y_i &= 9 && \text{if } 9 \leq X_i\boldsymbol{\beta} + e_i \end{aligned}$$

where X_i is a vector of explanatory variables used to describe feedlot manager *i*'s perceptions, $\hat{a}$ is a vector of parameters to be estimated, and *e* is a random error assumed normally distributed with a zero mean and constant variance.

The expected value of all observations of a dependent variable whose distribution is censored from below at *L* and from above by *U* is given by (Greene)

$$E(Y) = L\Phi(z_L) + U[1-\Phi(z_U)] + \{X\beta + \sigma[f(z_L) - f(z_U)]/[\Phi(z_L) - \Phi(z_U)]\}\{[\Phi(z_L) - \Phi(z_U)]\}$$

where $z_L = (L - X\beta)/\sigma, z_U = (U - X\beta)/\sigma, f(.)$ is the unit normal density, and $\Phi(.)$ is the cumulative normal distribution function. The effect of a change in the kth variable on expected Y is

$$\partial E(Y)/\partial X_k = [\Phi(z_U) - \Phi(z_L)]\beta_k$$

where $\Phi(z_U) - \Phi(z_L)$ represents the probability of observing a noncensored observation.

The following Tobit models were estimated to determine how various feedlot characteristics and feedlot manager concerns are related to feedlot attitudes toward MPR (subscript *i* is dropped for notational convenience).

(2) $BENEFIT = \hat{\alpha}_0 + \hat{\alpha}_1 REGION1 + \hat{\alpha}_2 REGION2 + \hat{\alpha}_3 REGION3 + \hat{\alpha}_4 CFED + \hat{\alpha}_5 MOST + \hat{\alpha}_6 CASHMKT + \hat{\alpha}_7 HEADMKTD + \hat{\alpha}_8 OPINION1 + \hat{\alpha}_9 OPINION2 + \hat{\alpha}_{10} OPINION3 + \hat{\alpha}_{11} OPINION4 + e$

(3) $INFO = \hat{\alpha}_0 + \hat{\alpha}_1 REGION1 + \hat{\alpha}_2 REGION2 + \hat{\alpha}_3 REGION3 + \hat{\alpha}_4 CFED + \hat{\alpha}_5 MOST + \hat{\alpha}_6 CASHMKT + \hat{\alpha}_7 HEADMKTD + \hat{\alpha}_8 OPINION1 + \hat{\alpha}_9 OPINION2 + \hat{\alpha}_{10} OPINION3 + \hat{\alpha}_{11} OPINION4 + e$

(3) $NEGOTIATE = \hat{\alpha}_0 + \hat{\alpha}_1 REGION1 + \hat{\alpha}_2 REGION2 + \hat{\alpha}_3 REGION3 + \hat{\alpha}_4 CFED + \hat{\alpha}_5 MOST + \hat{\alpha}_6 CASHMKT + \hat{\alpha}_7 HEADMKTD + \hat{\alpha}_8 OPINION1 + \hat{\alpha}_9 OPINION2 + \hat{\alpha}_{10} OPINION3 + \hat{\alpha}_{11} OPINION4 + e$

where all variables are defined in Table 1. The particular factors included in the models are those that were hypothesized to have differing relations to perceptions regarding MPR across feedlots and feedlot managers. First, perceptions regarding MPR were allowed to differ depending upon where feedlots were located (*REGIONk*). Regional differences could occur in places for example where voluntary price reporting had become particularly thin during most days of the week such as Kansas or Texas relative to Nebraska. Marketing methods used by the feedlot might also affect manager perceptions and attitudes about MPR. The percentage of cattle being custom fed (*CFED*) relative to those owned by the feedlot might be related to the feedlot's aggressiveness and demand for price and market information when selling cattle. The percentage of fed cattle marketed that were sold to the buyer that purchased the most cattle from the firm (*MOST*) was included to reflect the number of packers that regularly buy cattle from the feeder which could influence how much market information a feedlot manager needs from MPR reports. Whether a feedlot tends to market more cattle in the cash market (*CASHMKT*) where daily price negotiation may be critical was also expected to be related to how a feedlot manager perceived MPR. Those operating in the cash market may need timely daily price information more than those selling on formulas. Feedlot size (*HEADMKTD*) might influence MPR perceptions. Larger feedlots may have

information networks more fully developed and may be relying more on other sources of market information relative to smaller yards.

Several questions were asked of the feedyard managers regarding marketing methods and packer competition. These issues were intended to categorize the manager according to how they view the market that they operate in to determine whether these factors influence their perceptions about MPR. Many feel that packers reduce bids when packers contract cattle purchases. Such producers are ones that might want more information than MPR was intended to provide. Therefore, we included the feedlot manager's level of concern about whether contracting reduced prices as an explanatory variable (*OPINION1*). Similar variables were included for feeder concern about packer concentration (*OPINION2*), banning packer cattle feeding (*OPINION3*), and banning packer contracting and marketing agreements (*OPINION4*).

Data

In August 2001, in conjunction with *Beef* magazine, a survey was mailed to approximately 2,780 feedlots located throughout the U.S. These yards represented all feedlots with over 4,000 head one-time capacity and a sample of smaller yards. Only 91 feedlots returned useable surveys despite a follow-up letter. The response rate was too low (about 3%) to have any confidence in the results or generalizations derived from them. Therefore, a second survey was conducted in March 2002 of cattle feedlots in Kansas, Iowa, Texas, and Nebraska by economists from each of the individual states.[1] The revised survey was shortened and simplified and it was hoped that this, together with sending the surveys from each respective state's (or neighboring state) land grant university would improve response rates. Overall, 1500 feedlots were surveyed and 316 feedlots returned useable responses. Response rates by state were 152/970 in Iowa (16%), 50/131 in Kansas (38%), 66/250 in Nebraska (26%), and 48/148 in Texas (32%). The resurvey increased the response rate to 20%.

The questionnaire asked for feedback on MPR report usage, and whether the new reports have enhanced feedlot negotiations with packers for base prices, quality premiums and discounts, and cash prices. The questionnaire also queried information on where the operation is located, who owns the animals, how prices are negotiated, and what marketing arrangements are used. Opinion questions were answered using a scale of 1 through 9, with 1 *strongly disagree*, 5 *uncertain* or *no opinion*, to 9 *strongly agree*.

Summary statistics of data used in the empirical models are contained in table 1. The average feedlot respondent marketed approximately[2] 18,500 head in 2001 however, the standard deviation was over 38,000 head. The respondents included large yards as well as many smaller yards (54% of the feedlots respondents marketed less than 2,500

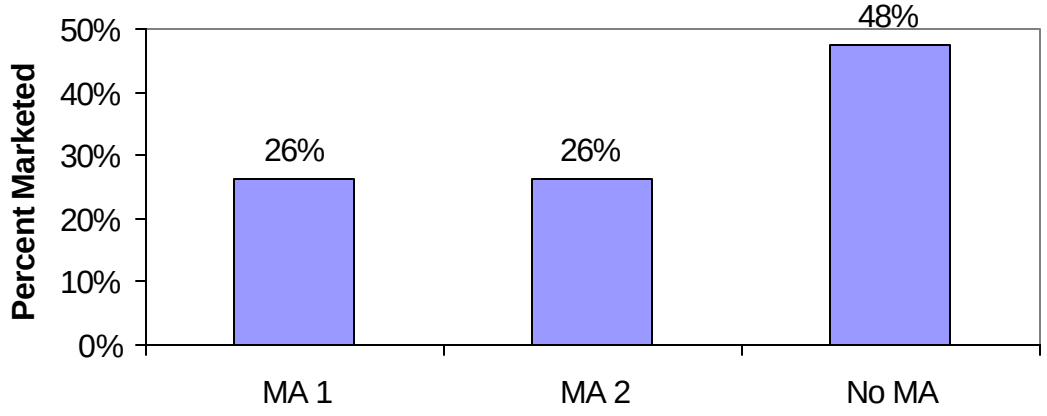
[1] Surveys administration and collection amongst the various states were: Iowa, John Lawrence; Kansas, Ted Schroeder; Nebraska, Dillon Feuz; and Texas, Clement Ward.

[2] Survey responses were categorical but were converted to continuous values. Less than 5,000=2,500; 5,000 to 19,999=5,000; 20,000 to 49,999=20,000; 50,000 to 99,999=50,000; 100,000 to 249,999=100,000; 250,000 or more=250,000.

head). The typical feedyard respondent was using a marketing agreement that was not part of an alliance for 26% of their fed cattle marketings, 26% were part of an alliance, and 48% were using no marketing agreement (figure 1). On average, feed yards were pricing 55% of their fed cattle marketings using cash market live weight or carcass weight prices, 44% using grid pricing, 1% using a fixed price forward contract, 0.6% using a basis price forward contract, and 0.07% using some other pricing method (figure 2).

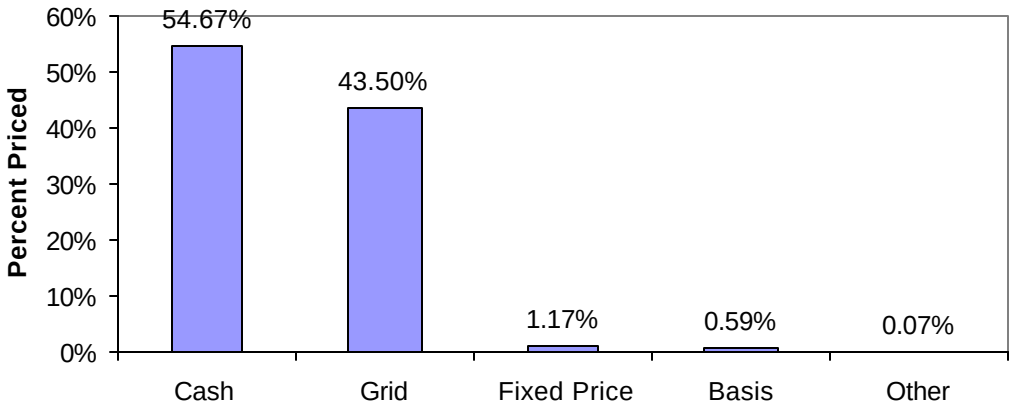
On average feedlot managers were somewhat indifferent about whether MPR had benefited the beef industry with an average response of 4.29. However, as shown in figure 3, there was a wide disparity of opinions, with the most popular being strong disagreement (22%) and neutral (22%). The average feed yard respondent did not believe MPR had increased information availability (figure 4). In fact, 58% of producers responded with a 4 or lower score indicating moderate to strong disagreement that MPR had increased price information. Finally, reflective of the fact that producers may have now realized that MPR is not going to enhance their ability to negotiate terms of trade with packers, some 71% indicated a score of 4 or lower in response to whether it had (figure 5).

Figure 1. Average Percentage of Fed Cattle Marketed by Feedlots Owned or Managed (Excluding Packer-Owned Cattle) by the Survey Respondent under Three Arrangements



MA 1: Marketing agreement or contract (not part of an alliance, cooperative, or similar marketing program)
MA 2: Marketing agreement or contract (part of an alliance, cooperative, or similar marketing program)
No MA: Not under a marketing agreement or contract and not part of an alliance, cooperative, or similar marketing program)

Figure 2. Average Fed Cattle Marketed by Feedlots Owned or Managed (Excluding Packer-Owned Cattle) by the Survey Respondent Priced by Four Methods.



Cash: Priced by cash market live weight or carcass weight.
Grid: Priced by grid with formula base price tied to cash market quote or plant average cost, formula base price tied to futures market, formula base price tied to boxed beef market, or negotiated base price
Fixed Price: Priced by fixed price forward contract
Basis: Priced by basis forward contract

Table 1. Variable Definitions and Summary Statistics

Variable	Definition	Mean	Std. Dev.
Dependent Variables			
BENEFIT	Response to "Mandatory price reporting is benefiting the beef industry" (1= strongly disagree to 9=strongly agree)	4.29	2.58
INFO	Average of response to "Information on regional/national daily fed cattle cash prices, base prices used in grid pricing, premiums/discounts using in grid pricing, boxed beef prices has increased" (1= strongly disagree to 9=strongly agree)	3.90	1.96
NEGOTIATE	Average of response to "MPR has enhanced my ability to negotiate cash prices, base prices or formulas, grid premiums/discounts with packers" (1= strongly disagree to 9=strongly agree)	2.97	1.97
Independent Variables			
REGION1	1 if majority of firm's feedlots are in Nebraska, 0 otherwise	0.25	0.43
REGION2	1 if majority of firm's feedlots are in Kansas, 0 otherwise	0.15	0.36
REGION3	1 if majority of firm's feedlots are in Texas,	0.11	0.32

	0 otherwise		
REGION4[2]	1 if majority of firm's feedlots are in Iowa or any other state, 0 otherwise (Default Region)	0.37	0.49
CFED	Percent of cattle in yard custom fed in 2001 (%)	35.32	37.76
MOST	Percent of cattle sold to buyer that purchased the most cattle from the firm in 2001 (%)	68.98	24.18
CASHMKT	Percent of cattle priced using cash market, (live weight and carcass weight, excluding packer-owned) in 2001 (%)	54.67	37.83
HEADMKTD	Total number of fed cattle marketed by the firm in 2001 (thousand head)	18.54	38.08
OPINION1	Response to "Cash market bids by packers are lower when packers have cattle contracted" (1= strongly disagree to 9=strongly agree)	7.68	2.09
OPINION2	Response to "The largest packers should be broken into several smaller packers" (1= strongly disagree to 9=strongly agree)	4.88	2.54
OPINION3	Response to "Packers should not be permitted to own and feed cattle" (1= strongly disagree to 9=strongly agree)	6.63	2.88
OPINION4	Response to "Packers should not be permitted to contract or form marketing agreements with feeders and cattle owners" (1= strongly disagree to 9=strongly agree)	4.76	2.75

[2] Iowa accounts for 79%

Tobit Estimation Results

To determine how various feedlot characteristics and manager concerns about the fed cattle market were related to opinions regarding the effectiveness of mandatory price reporting, Tobit models were used to estimate equations (2)-(4). Two-limit Tobit parameter estimates of factors affecting cattle feeder perceptions of mandatory price reporting are summarized in tables 2-4. The first question analyzed was whether MPR was benefiting the beef industry (table 2). Producers were split in their opinion regarding the statement with about 9% being at the upper limit of strongly agreeing (*BENEFIT*=9) and 22% at the lower limit of strongly disagreeing (*BENEFIT*=1). Very few of the coefficient estimates were statistically different from zero at conventional levels of significance. The strongest indicators of a manager's perception of how beneficial MPR was to the beef industry was associated with whether the manager thought large packers should be broken into smaller packers (0.06 significance level), packers should be allowed to feed cattle (0.11 significance level), and/or packers should be involved in marketing agreements (0.03 significance level). The more strongly against packers owning cattle (*OPINION3*) or contracting (*OPINION4*), the more the manager was inclined to agree that MPR was beneficial. Therefore, those with stronger held opinions wanting to ban beef packers from vertically integrating or forming marketing agreements

with cattle feeders are more likely to feel the industry is benefiting from MPR. Also, the more strongly in favor of breaking up large packers (*OPINION2*), the more likely the feedlot manager was to agree that MPR was benefiting the beef industry.

Whether cattle feeders thought information on fed cattle cash prices, base prices, and grid premiums and discounts, and boxed beef prices had increased in the presence of MPR had some similar and contrasting results (table 3). First, feeders located primarily in Texas (*REGION3*) were less likely to indicate price information had improved. Also, those producers that felt most strongly that captive supplies depress cash market prices (*OPINION1*) were less likely to indicate that price information had increased in the presence of MPR.

Many cattle feeders felt strongly that MPR had not enhanced their ability to negotiate terms of trade with packers. In fact, 38% indicated that they *very strongly disagreed* that MPR had helped them in negotiations with beef packers (table 4). The total number of fed cattle marketed by the firm is the only statistically significant variable related to manager's perceptions of whether ability to negotiate with packers had increased. As marketings increase the feedlot manager is less likely to agree that MPR has improved their ability to negotiate. There are two factors that are marginally statistically significantly. The first was sentiments producers had about packer concentration. Cattle feeders that thought large beef packers should be split up (*OPINION2*) were more inclined to agree (or perhaps more accurately, less inclined to disagree) that MPR had enhanced their ability to negotiate terms of trade with packers. The second marginally statistically significant factor referred to regional differences in opinion regarding whether MPR had enhanced feedlot's ability to negotiate with packers. Cattle feeders located primarily in Texas (*REGION3*) were less likely to agree that ability to negotiate had improved compared to those in Iowa.

Table 2. Two-Limit Tobit Estimates of "Mandatory Price Reporting is Benefiting the Beef Industry" (1= Strongly Disagree to 9=Strongly Agree)

Variable	Estimate	Standard Error	P-Value	Marginal Effect
Intercept	3.39529	1.17876	0.0040	
REGION1	-0.2541	0.52967	0.6314	-0.2007
REGION2	-1.25775	0.74683	0.0922	-0.9933
REGION3	-0.98842	0.76643	0.1972	-0.7806
CFED	0.003289	0.0067635	0.6268	0.0026
MOST	0.004563	0.0086878	0.5994	0.0036
CASHMKT	0.001682	0.0059343	0.7768	0.0013
HEADMKTD	-0.00976	0.0066644	0.1431	-0.0077
OPINION1	-0.12899	0.10927	0.2378	-0.1019
OPINION2	0.18926	0.10066	0.0601	0.1495
OPINION3	0.15341	0.09597	0.1100	0.1211
OPINION4	0.22136	0.09882	0.0251	0.1748
Log of Likelihood = -604.08		Number of Observations = 284		
Right Censored Observations = 26		σ = 3.17		
Left Censored Observations = 61				

Table 3. Two-Limit Tobit Estimates of Average of Response to "Information on Regional/National Daily Fed Cattle Cash Prices, Base Prices used in Grid Pricing, Premiums/Discounts Used in Grid Pricing, Boxed Beef Prices Has Increased" (1= Strongly disagree to 9=Strongly Agree)

Variable	Estimate	Standard Error	P-Value	Marginal Effect
Intercept	5.86337	0.70123	<.0001	
REGION1	0.26279	0.30971	0.3962	0.2557
REGION2	0.33489	0.41864	0.4237	0.3259
REGION3	-0.79844	0.46669	0.0871	-0.7770
CFED	-0.0013642	0.0038092	0.7202	-0.0013
MOST	-0.01059	0.0050510	0.0361	-0.0103
CASHMKT	0.00004875	0.0032966	0.9882	0.0000
HEADMKTD	-0.0041036	0.0031967	0.1992	-0.0040
OPINION1	-0.16703	0.07017	0.0173	-0.1625
OPINION2	0.05938	0.05791	0.3051	0.0578
OPINION3	0.08341	0.06141	0.1744	0.0812
OPINION4	0.03333	0.05649	0.5552	0.0324
Log of Likelihood = -566.94		Number of Observations = 283		
Right Censored Observations = 0		σ = 1.95		
Left Censored Observations = 39				

Table 4. Two-Limit Tobit Estimates of Average of Response to "MPR Has Enhanced My Ability to Negotiate Cash Prices, Base Prices or Formulas, Grid Premiums/Discounts with Packers" (1= Strongly Disagree to 9=Strongly Agree)

Variable	Estimate	Standard Error	P-Value	Marginal Effect
Intercept	2.81821	1.05308	0.0074	
REGION1	0.42721	0.45701	0.3499	0.3318
REGION2	-0.25646	0.64912	0.6928	-0.1992
REGION3	-1.16919	0.69007	0.0902	-0.9082
CFED	0.0015418	0.0056760	0.7859	0.0012
MOST	-0.001672	0.0077334	0.8288	-0.0013
CASHMKT	0.002522	0.0051217	0.6224	0.0020
HEADMKTD	-0.01055	0.0052170	0.0432	-0.0082
OPINION1	0.0146	0.09824	0.8819	0.0113
OPINION2	0.14526	0.08188	0.0761	0.1128
OPINION3	-0.09457	0.09044	0.2957	-0.0735
OPINION4	0.13214	0.08350	0.1135	0.1026
Log of Likelihood = -527.69		Number of Observations = 283		
Right Censored Observations = 5		σ = 2.87		
Left Censored Observations = 97				

Conclusions

Mandatory price reporting had a rocky start. The packing industry lobbied aggressively against MPR as many producer groups took positions in favor of the policy. Technical delays, formidable challenges collecting data, reporting problems, reporting errors, confidentiality modifications and other concerns faced the USDA-AMS in implementation of MPR. Challenges early on were so problematic that some early supporters were calling for abolishment and return to the old voluntary system shortly after its inception. However, this was not considered feasible nor probable given the substantial institutional changes and investment the AMS and beef packers underwent to comply with the policy.

Approximately one year after its inception, technical problems appear to have been worked out and confidentiality concerns with infrequent reporting appear to have been resolved. However, results of our survey of cattle feeders located primarily in Iowa, Kansas, Nebraska, and Texas indicate overall a lack of producer satisfaction with what MPR has been able to accomplish. However, it is also important to note that a wide range of opinions regarding the value of MPR to cattle feeders is apparent. Suffice it to say, a consensus opinion regarding whether mandatory reporting has benefited the beef industry or whether it has increased price information is not apparent from our survey responses. The modal response to these two queries was a 5, or indifferent. However, a strong majority of cattle feeder survey respondents indicate MPR has not enhanced cattle feeder negotiation with beef packers. Interestingly, feedlot characteristics are generally not systematically related to feedlot manager opinions regarding MPR. Therefore, as revisions are considered to MPR, it does not appear that targeting revisions to cater to needs of any particular feedlot size, location, or feedlots using particular marketing methods would be all that helpful.

Figures

Figure 3. Frequency Distribution for "Mandatory Price Reporting is Benefiting the Beef Industry" (1= strongly disagree to 9=strongly agree)

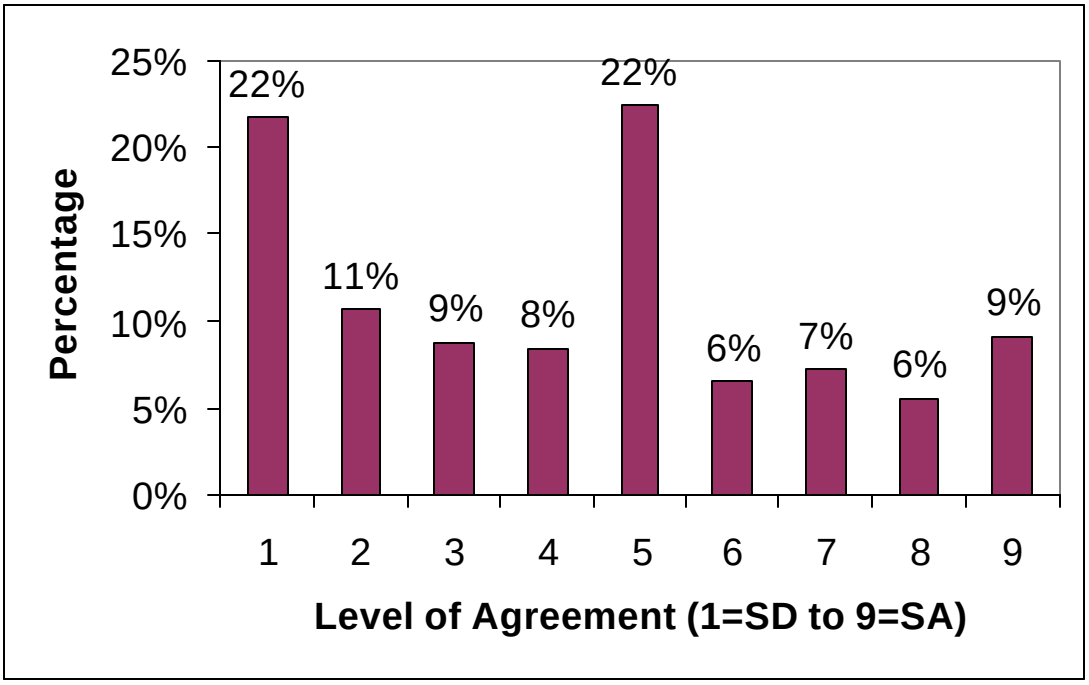


Figure 4. Frequency Distribution for Average of Response to "Information on Regional/National Daily Fed Cattle Cash Prices, Base Prices Used in Grid Pricing, Premiums/Discounts Used in Grid Pricing, Boxed Beef Prices has Increased" (1= strongly disagree to 9=strongly agree)

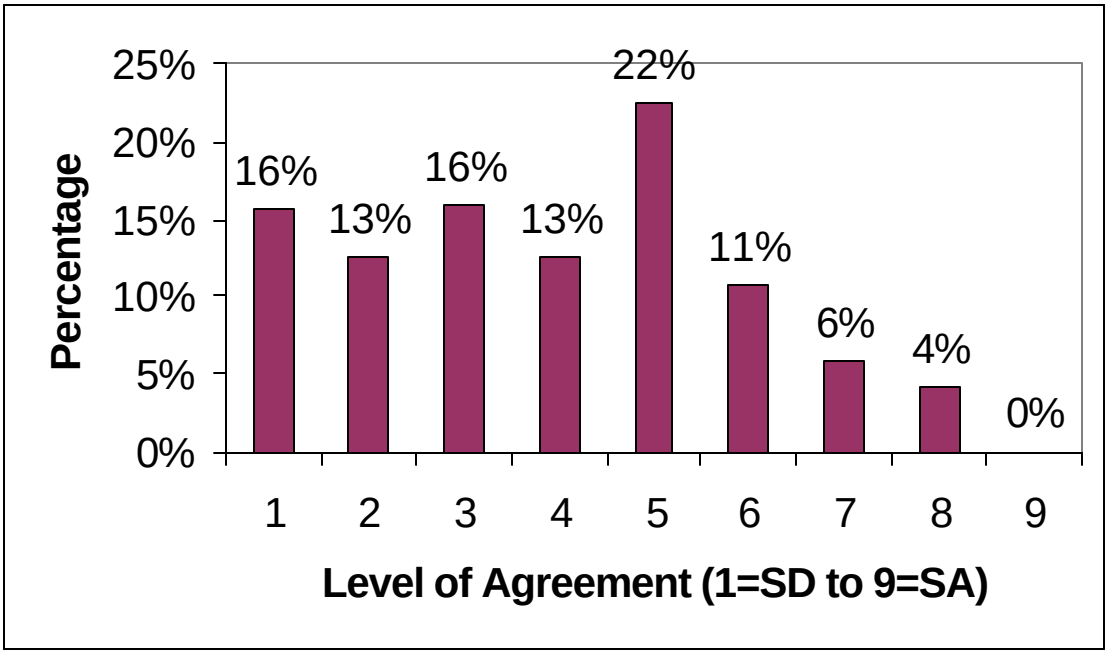
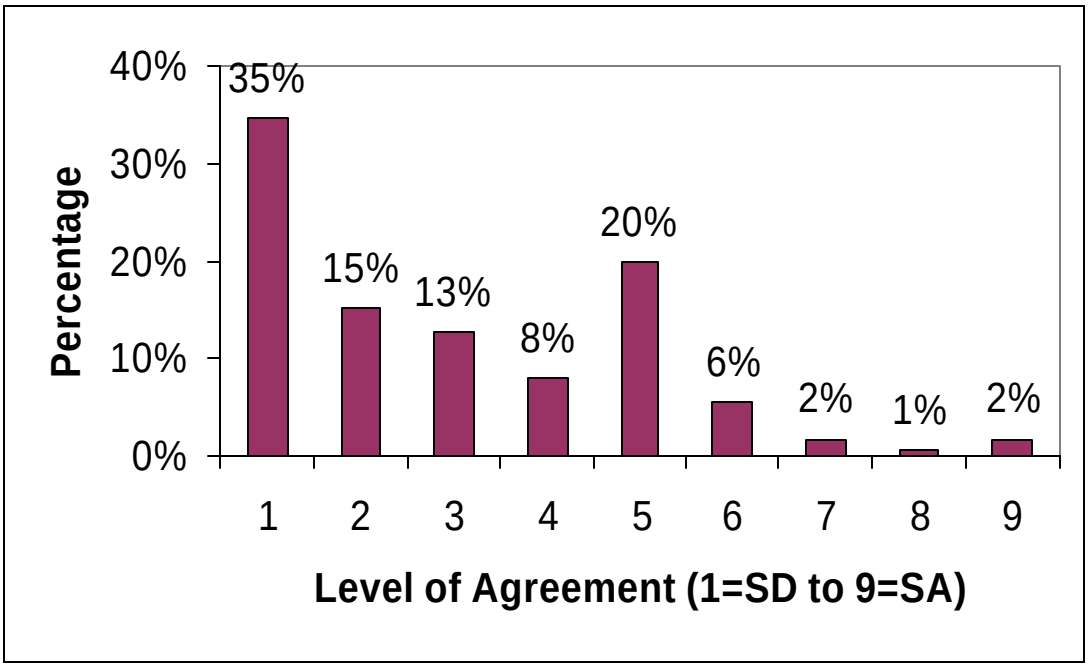


Figure 5. Frequency Distribution for Average of Response to "MPR has Enhanced My Ability to Negotiate Cash Prices, Base Prices or Formulas, Grid Premiums/Discounts with Packers" (1= strongly disagree to 9=strongly agree)



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