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Agricultural Outlook Forum

Presented: February 16, 2006

WHAT INFORMATION IS USEFUL FOR CATTLE FEEDERS? WHAT DOES MPR
DO FOR US?

Jim Gill
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Presented: Thursday, February 16, 2006

What Does MPR Do For Cattle Feeders

Jim Gill

Market Director Texas Cattle Feeders Association

Many producers were excited when MPR was first envisioned. They thought MPR would make the market completely transparent and they would know all the details about every cattle bid and trade. It did not happen and, in my estimation, was never intended to expose private business's actions. And even if it could expose every thing, the timing would still be too slow. Due to the tremendous amount of data that the USDA has to collect and compile, it is a physical impossibility to turn this data around in a summary report and disperse it back to producers in a completely timely fashion. Feedyards used to trade cattle four or five days per week. Now, the whole week's trade can transpire in as little as two hours or less. When the markets and prices are moving that fast, reports generated from data that packers are required to report three times per day are not timely enough to keep producers completely informed. That is why the USDA reinstated the voluntary market reporting program, in an effort to help keep producers informed in a timelier manner. It has worked well and the USDA should be commended for the effort.

Do these perceived *flaws* in MPR mean that the effort should be abandoned? Certainly not. There is a virtual gold mine of data that is highly useful for analytical purposes. For instance, one report I have personally been paying close attention to lately is LM_CT153. This report lists the Forward Contracted Cattle Purchased Weekly by the packers as well as a cumulative total for 12 months out. At the end of December the forward contracted number was near 980,000 head. It will be interesting to see how this number grows between now and April which is usually the highest month for forward contracted cattle and try to estimate what impact this will have on the cash market.

Often someone will say I wish I had data on x or y. And quite often the data is already being collected and published by the USDA. What we in the industry need to do is educate ourselves to what is available and use the data to the best of our abilities.