DENVER, COLORADO, January 14—Implementation of changes in America's beef grading standards will be beneficial to consumers, the American National Cattlemen's Association said today.

The comment followed a U. S. Department of Agriculture announcement that it plans to put its revised grading standards into effect on February 23.

"More desirable, more economical beef for consumers will be the ultimate result of the changes," said Gordon Van Vleck, ANCA President. "We are very pleased to see that USDA is now going ahead with the revisions, which will benefit the public as well as cattlemen.

"The revised standards are designed to eliminate the waste involved in production of excess fat. This means the waste of cattlemen's dollars to put the fat on as well as meat industry waste involved in cutting it off before the beef goes to the consuming public.

"When the standards are put into effect, cattlemen will be able to reduce grain feeding time by 10 to 20 days, with savings of as much as $15 to $25 per animal. Translated into costs at the consumer level, the feeding savings alone could be at least 3 to 5¢ per pound."

The new standards would have gone into effect on April 14, 1975, Van Vleck explained, but a series of court actions delayed implementation. "A court decision upholding the changes has been appealed to the U. S. Supreme Court, but this does not prevent USDA from going ahead with the changes now.

"The ANCA has continued to support USDA's position on the grading changes," Van Vleck noted. "We feel strongly that this action is in the best interest of both cattlemen and consumers."
January 26, 1976

TO: ALL CATTLE FEEDERS

FROM: LLOYD KINDSFATER, PRESIDENT

SUBJECT: CATTLE PRICE SLUMP

I have been asked, "What is wrong with the beef market?" ...."Why has the bottom fallen out of the live cattle trade?" ...."What can be done to slow the slide that has sent fed cattle prices into another loss position so soon after our welcome recovery from the nearly two-year long slump?"

I do not pretend to have all of the answers but after talking with several of the leaders in our industry it seems to me that the consensus is that THE CATTLE FEEDER HIMSELF IS RESPONSIBLE FOR A GOOD SHARE OF THE CURRENT NEGATIVE THINKING!

It appears that the feeder has given up hope, judging from some of the reports of market analysts in the cattle and meat trade late last week. Some of these follow: "...60% to 70% of the (Colorado) cattle committed for next week's delivery have sold in the beef, the final price to be set the day of slaughter." ...."The prominent feature of this week's market was the noticeable increase in cattle being traded on a carcass basis, mostly on a formula of one kind or another to determine results after slaughter." ...."Most packers were again well supplied from last week's liberal live cattle movement." ...."Cattle prices are at the lowest levels in nearly a year." ...."Cattle feeders now find themselves in a loss position."

There is no doubt in my mind but that the feeder has lost control of the market by virtue of his "dumping" activities. Some packers report that some of the rail offerings arriving at their plants are not even finished cattle.

THIS DULL TRADE AND SLIDING MARKET WILL NOT BE STOPPED UNTIL THE HUGE RAIL SELLING SYNDROME HAS BEEN HALTED AND ONLY THE CATTLE FEEDER CAN EFFECTIVELY CORRECT THE CURRENT SITUATION!

I am not attempting to tell you what you should do. I am simply pointing out some of the salient factors that may have eluded your consideration during this turbulent period in our business. GIVE THESE COMMENTS SOME CONSIDERATION AND TALK TO YOUR NEIGHBOR ABOUT TAKING A MORE POSITIVE STANCE IN ORDER THAT FEEDERS DO NOT loose TOTAL CONTROL OF THE MARKET. MAKE THE PACKER BUY THE CATTLE IN ORDER THAT HE WILL HAVE TO SELL THE PRODUCT. RAIL SELLING GIVES THE PACKER NO NEED OR INCENTIVE TO MERCHANDISE THE BEEF. HE HAS HIS BUILT-IN PROFIT.
HOW THE CATTLE FEEDER CAN BEST UTILIZE THE
NEW GRADING STANDARDS

W. D. Farr
Chairman, Beef Grading Committee, ANCA

The present beef grading standards were placed in effect February 23, 1976, almost one
year ago. There was an oversupply of fed cattle at that time, and there has literally been
an oversupply ever since. The best proof of that statement is the recent USDA report of
January 4, 1977, which gives the dressing yields of cattle for the month of November and for
the eleven months January through November, 1976.

In November of 1976, the cattle industry was liquidating cows and bulls with some nonfed
cattle. The price of fed cattle was also very disappointing. However, the average dressing
percentage of all cattle was 58.9% compared to 57.8% in 1975. A 1.1% increase in dressing yield
for the month of November. For the eleven months the figures prove how little cattle feeders
have utilized the new beef grading standards. For 1976 the average yield was 59.3% against
1975 of 58.4%. Nine-tenths of a percent more beef produced on every animal slaughtered for
eleven months increased beef production we didn't need because cattle feeders would not
market cattle on time.

Further proof is the average slaughter weights. For many, many months slaughter weights
have been 25 to 40 pounds above a year ago. This in spite of the fact of a much larger
percentage of heifers in the slaughter mix.

Cattle on feed show 97% of a year ago. Cattle in feedlots are still being fed for too
long a time. Weights last week were still 20 pounds plus in spite of the heifers. We feeders
must accept the responsibility of starting to utilize the new beef grading standards. I know
from personal experience that this is hard to do. The packers won't buy your cattle unless
they are overfat so that he, the packer, will get a higher yield. A higher yield of what?
Almost entirely fat. Who wants fat? The consumers complain about it. The packer objects to
the discount he has to take for number fours and fives.
Yield grades are exactly what the name implies. Yield grade #2 has a larger edible portion of beef than yield grade #3. Feeders must learn to realize how much they could affect total beef supplies if they would seriously attempt to produce more yield grade twos.

There has been a great deal of research that positively shows how inefficient beef production is after an animal reaches a certain weight. Some breeds are mature at 1,000 pounds and others at 1,200 pounds. The feeder should know these facts and use this knowledge to reduce the supplies of beef which we are forcing into consumption.

My assigned topic was "How the Cattle Feeder Can Best Utilize the New Grading Standards." These standards give the cattle feeder the tools with which he can control the dressed beef market up to the point of matching supply and demand.

To prove that point, I must relate some statistics:

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<tr>
<td>Prime</td>
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<tr>
<td>Choice</td>
<td>79.4</td>
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<td>Good</td>
<td>11.6</td>
<td>12.9</td>
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The increase in prime relates to the change in grading 5.5% more prime as does the 3.1% increase in choice. The decrease of 6.8% in good proves the narrowing of the grade.

There are some other interesting statistics. In 1974 there were 12 billion, 403 million pounds of beef graded. In 1975 only 10 billion, 265 million pounds, but in 1976 on an estimated basis, there were 14 billion, 400 million pounds of beef graded. One other point of interest is the volume of beef graded as a percent of total commercial beef production. In 1974, 54.3% was graded. In 1975, the percentage graded declined with the great liquidation of cows and nonfed slaughter to only 43.4%. In 1976, there was a small reduction in cow slaughter, but beef grading under the new standards increased to 56.8%. I believe a 2.5% increase in beef grading in one year is significant and proves to some extent the acceptance of the new grades.

Fellow cattle feeders, you are the people in the industry who must produce more number ones, twos, and threes. Don't ever produce another four or five. When you accomplish this, we will have a good profitable cattle industry once more. In November 1976, the USDA compilation of the retail beef prices related to the percent of each cut calculated for the various yield grades shows a uniform retail value between grades of $5.65 per cwt. This means that
there is $11.30 per cwt. difference at retail between a choice two and a choice four. Eleven dollars thirty cents times a 700 pound carcass equals $79.10. These are retail values but if we cut them in two, there is still $40.00. We, the cattle feeders, still have the control of whether we produce a number of twos or a number of fours. Isn't it time that we put that extra forty bucks in our pockets?

The packing industry has always been structured on discounts, not premiums. They sell beef on averages. They formerly tried to hide a few fat carcasses in each load. Now these carcasses are identified, so they discount them from two to six dollars per yield grade. It has never occurred to them that a number two is worth the same premium above a choice three as a number four is less. In fairness to them, part of the problem is that feeders have not produced enough number twos, so that they could quote straight carloads of choice twos. This is our opportunity. Start producing more choice twos.

Cattle feeders today are selling many cattle after 100 to 120 days of feeding. The good weather is getting the credit. Part of it is weather; part is the new grading standards. Even with the shorter feeding we are still producing close to 10% number twos and 55% number threes.

Our industry has been so troubled with problems that our cattle feeding segment has not seen the opportunity to help themselves by shorter feeding of cattle. The new good grade is only one marbling score wide. Choice and prime grades are three marbling scores wide. This means that potentially good grade could be the most attractive retail store grade. Nobody knows whether the public will accept the new good grade in volume. We, the cattle feeders, have not produced any good grade number ones, twos, and threes to find out.

If we produce them, then maybe packers will be smart enough to merchandise them.

As I look into the crystal ball and the cattle feeding industry of the future, I see in the last half of this year 1977 cattle feeders starting to feed cattle to produce the maximum number of number ones and twos in either choice or good grade. A good number one or two will be worth more than a choice four. Our goal should be to get at least 40% or more number twos. When we accomplish this goal, there will only be a sprinkling of number fours left and a number five will be history.
The cattle industry has been through a terrible liquidating period. Many producers have sold their cows and have gone out of business. Many more will follow this year. Let me illustrate what we can do if we take a positive attitude. We have been slaughtering nearly 800,000 cattle each week. Reduce this to 700,000, which is more reasonable. Let's assume that half of the slaughter, or 350,000 per week, is fed cattle. If cattle feeders reduce the feeding period to produce a large percent of number twos, they will reduce live weights by at least 50 pounds per animal. If we use a 60% dressing percentage, that is 30 pounds of actual beef per head. With 350,000 carcasses a week times 30 pounds, that means ten and one half million pounds less beef each week. Carry it out for 52 weeks to the staggering sum of 546,000,000 pounds of less beef to consume. With that much less beef, I guarantee you we will have better cattle markets.

I believe that cattle feeders need to realize that the key to the future of the cattle industry lies in their hands. This future is tied almost entirely to the intelligent use of the new beef grading standards. The industry has made no attempt in the past year to produce for the new standards.

The cattle feeders will never know how effective the new beef grading standards are until they completely reverse their production. We have had overfed cattle for months. We know that is not good for cattle feeders or cattle producers. We, the cattle feeders, must start to market shorter fed cattle. Until we overdo the short side, the industry will not truly know what quality grade or yield grade number is acceptable to the consumers, the retail chains and the purveyors. All we have is opinions and guesses. We must get answers. The new beef grading standards are the tools in the hands of the cattle feeder. I hope they sharpen them to a razor's edge.
DENVER, COLORADO--A strong warning against consignment selling of cattle has been issued by the Marketing Committee of the American National Cattlemen's Association.

The practice of "rail" selling, with price determined on day of kill, has let up, but the Committee agreed at its Phoenix Convention meeting that the industry should be reminded of reasons why the practice has adverse effects on the cattle market.

The ANCA Committee, headed by H. W. (Bud) Harrington, Grand Island, Nebraska, pointed out that cattlemen should merchandise their cattle in an orderly way and not simply consign them to a packer for an undetermined price.

The special statement said consignment selling causes problems for the industry because:

1. Competitive bidding by packers is eliminated.
2. The packer has little incentive to be a strong seller of beef.
3. The packer is provided with supplies out ahead, which continues to reduce competition for cattle in the country.
4. The practice usually results in premature selling of cattle.
5. Feeders are not paid for premium quality cattle, but they frequently must accept discounts for "undesirable" cattle.
6. Market psychology is worsened because consignment selling signals the industry that some feeders are dumping cattle.

The practice of selling on a "rail" basis, with price based on the "Yellow Sheet" on day of slaughter, generally occurs when feeders are having difficulty moving cattle, or when a "panicky" atmosphere exists.

Harrington noted that consignment selling is not the same as true grade and yield selling. The latter practice generally involves agreement between feeder and packer on a price for a given carcass grade and yield, and it can reward the cattleman for superior carcass merit.
MEMO TO: ANCA Board of Directors & Executive Officers of Affiliated Associations
FROM: H. W. "Bud" Harrington
RE: Consignment Selling

The attached statement on consignment selling of beef was passed by the Marketing Committee at last week's meeting. Although this practice has subsided at this time, the industry should be aware at all times the negative effect that it has on the market.

We hope you will use this information and constantly remind feeders and producers to merchandise their cattle and not simply consign them to a packer for an undetermined price.
The Marketing Committee of the American National Cattlemen's Association strongly recommends against cattlemen's selling cattle to packers on a "rail" or consignment basis.

This is the practice where the feeder, rather than selling cattle on the hoof to the packer, sells them on a "rail" basis, with price determined on day of kill. The price usually is based on the "Yellow Sheet" price on the day of slaughter.

Consignment selling is not the same as true grade and yield selling. The latter practice has been beneficial to some producers and feeders. However, in these cases the feeder and the packer have previously agreed on a price for a given carcass grade and yield. For one thing, this practice can reward the cattlemen for superior carcass merit.

Consignment selling has been practiced at times when feeders have had difficulty in moving their cattle or when, reacting in a "panicky" way, they want to "unload" cattle and accept a packer's offer to buy only on a consignment basis.

Consignment selling without a specified price at the time of sale of the cattle causes problems for the cattle industry because:

1. Competitive bidding by packers is eliminated. This puts further pressure on cattle prices.

2. The practice gives the packer little incentive to be a strong seller of beef in wholesale markets. As long as packers can buy cattle on the "sheet" or below on day of slaughter, they
will kill as many cattle as they can obtain.

3. Consignment selling provides packers with supplies out ahead, and it continues to reduce competition for cattle in the country. Aggressiveness on the part of packers is virtually eliminated.

4. The practice usually results in premature selling of cattle, before they are finished, compounding the supply problems and causing abnormal price declines.

5. Feeders are not paid for high quality cattle, but they frequently must accept discounts for any "undesirable" cattle.

6. Market psychology is worsened, because consignment selling signals the industry that some feeders are dumping cattle.
February 24, 1976

TO: ALL MEMBERS OF CCFA MARKETING AND GRADING COMMITTEE
FROM: JIM McKay, CHAIRMAN
SUBJECT: SPECIAL COMMITTEE MEETING

An important meeting of the Marketing and Grading Committee will be held at 2:00 p.m. on Monday, March 1, 1976, at the Greeley Producers Board Room on the 2nd floor of the auction facility.

I urge each of you to make this important meeting.
October 27, 1976

TO: ALL MEMBERS OF CCFA GRADING & MARKETING COMMITTEE
FROM: JIM McKay, CHAIRMAN
SUBJECT: USDA OFFICE MOVE AT GREELEY

I would like to have all of you attend a meeting of this Committee at the Producers Stock Yards in Greeley at 3:00 p.m. on Wednesday, November 3, 1976, prior to the regular monthly Board meeting. We will meet in the Board Room.

We have visited with John Haszier about the move of the USDA Market News Office and the discontinuance of the weekly market report and we believe a serious discussion by the Grading & Marketing Committee is needed.

Please try to attend.
November 24, 1976

TO: ALL MEMBERS, Grading & Marketing Committee
    Membership Committee
    Nutrition & Research Committee
    Tax & Legislative Committee

FROM: JAMES SVEDMAN, PRESIDENT

RE: COMMITTEE MEETINGS

Each of the above named committees will have a meeting on December 2, 1976 at the Four Seasons Motor Inn in Colorado Springs beginning at 3:00 p.m. We will meet in the Directors II Room.

As there are several important topics of discussion, please make every effort to attend YOUR meeting.

JMT
March 21, 1977

TO: ALL MEMBERS OF THE GRADING & MARKETING COMMITTEE

FROM: JAMES McKay, CHAIRMAN

There will be a meeting of the Grading & Marketing Committee on Monday, March 28, 1977, at Greeley Producers Sales Pavilion beginning at 2:00 p.m. in the Board Room.

Please make every effort to attend this meeting.

JM:jmt
DENVER, COLORADO, April 10—The American National Cattlemen's Association today challenged several misconceptions concerning the beef grading changes scheduled to go into effect April 14.

"Apparently, the changes have not been explained adequately to consumers," said Gordon Van Vleck, ANCA President. "Maybe people are cynical about a government action that claims to benefit both the cattle industry and the consuming public. The truth of the matter is that the beef grading changes do just that. The revisions will result in leaner, more desirable beef for consumers; and cattlemen will be rewarded if they produce animals with more meat and less waste."

According to Van Vleck, the U.S. Department of Agriculture's revised standards will enable cattlemen to reduce the amount of grain they feed to a steer by as much 200 pounds.

"In very simplistic terms," he said, "this is accomplished by slightly reducing the minimum level of marbling (flecks of fat in the meat) required in some animals to qualify for the two top grades—Prime and Choice.

"The standards also call for beef to be graded for quality and yield, or percentage of usable retail cuts. This is another way of discouraging excess fat and giving the consumer more lean meat for her beef dollar."

The ANCA President explained that there are eight grades of beef quality: Prime, Choice, Good, Standard, Commercial, Utility, Cutter and Canner. Prime is produced in limited quantities and sold largely to restaurants. Choice is the most popular grade found in retail markets. Good and Standard also are found in some retail markets, offered as less expensive products and frequently identified by a store brand name. The remaining four grades are util-
lized in ground beef, sausage or cold cuts.

"By reducing the grain feeding time for the top grades, we can produce leaner beef with less trimmable fat," Van Vleck said. "The grading modifications also provide a more uniform, dependable eating quality within each grade."

He cited several "myths" which apparently developed because of inadequate explanations of an admittedly complex subject.

"Myth number one is that beef produced under the revised standards will be tough, flat and flavorless," Van Vleck said. "In reality, any difference in flavor or tenderness will be virtually impossible to detect.

"Myth number two is that the change in grading standards will enable lower quality beef—even 'grass-fed' beef—to grade Choice. This is simply untrue. Virtually no cattle which have been raised strictly on grass will grade Choice. In fact, the number of 'grass-fed' cattle grading Good will be minimal.

"Myth number three is that all of the beef now grading Good will be grading Choice. Actually, only a slight part of the present Good grade standards will be included in the new Choice grade standards, and there is not likely to be any perceptible difference in eating quality.

"Myth number four is that cattlemen will save tremendous amounts of money in production costs, but consumers will receive no benefits. By cutting off 10-20 days of grain feeding, cattlemen can save as much as $15-20 per animal. In regard to beef prices at the retail level, we cannot make a clear-cut statement of savings. The savings should be passed on, but cattlemen have no control over prices from the time the live animals are sold to packing houses. We cannot speak for packers or retailers. Prices, however, are a reflection of costs over the long run. Savings attained through increased production efficiency are ultimately reflected in retail food prices paid by consumers."

The ANCA President cited consumer research showing that the two major complaints in the past have revolved around beef prices and too much fat. "The revised standards," he said, "are positive steps toward dealing with both of these complaints. While eating quality is kept at a high level, leaner beef will be made available at the super markets, helping consumers reduce their costs per serving."

For taped excerpts concerning the above release, please call: 800/525-3056 (TOLL-FREE, nationwide, except Colorado. 803-COWS (Colorado only).
April 27, 1977

TO: ALL MEMBERS OF THE GRADING & MARKETING COMMITTEE

FROM: JAMES McKay, CHAIRMAN

There will be a meeting of the Grading & Marketing Committee on Wednesday, May 4, 1977, at the Victor Candlin Post of the American Legion in Greeley, beginning at 6:00 p.m. The address is:

2008 54th Avenue
Greeley, Colorado

Please make every effort to attend this meeting as we will be discussing a new code of ethics and Greeley as a fat cattle delivery point.

JM:jmt
May 11, 1977

Mr. Robert Clark  
County Agent  
318 Fourth Street  
Castle Rock, Colorado  80104

Dear Mr. Clark:

The Grading & Marketing Committee of the COLORADO CATTLE FEEDERS ASSOCIATION has requested the Chicago Mercantile Exchange to designate the federally inspected public stockyards at Greeley, Colorado, as a delivery point for live fat cattle. Now, we need some information and are coming to you for assistance.

We do have to justify our request to the Exchange and they need the following information: the name, address and feedlot capacity of the cattle feedlots all over the State. The CCFA has never collected this information and we hope that you might be able to provide a list of this type for the area in which you operate.

We have enclosed a stamped addressed envelope for your convenience and would appreciate any assistance you might be able to give us in this project.

Sincerely yours,

James McKay, Chairman  
CCFA Grading & Marketing Committee

Enclosures
June 10, 1977

TO: CCFA MEMBERSHIP

FROM: JAMES McKay, CHAIRMAN, CCFA GRADING & MARKETING COMMITTEE

SUBJECT: Greeley Delivery Point.

The COLORADO CATTLE FEEDERS ASSOCIATION's efforts to have the Chicago Mercantile Exchange (CME) designate the Greeley Producers Stockyards at Greeley, Colorado, a delivery point for fat cattle futures appears to have found some solid support in Chicago. It has been reported to us that at a recent meeting of the CME Cattle Advisory Committee the CCFA request was discussed and it was the unanimous feeling of the Advisory Committee that the request should be approved.

We have had more than one report of the strong support apparent for this effort.

Further information will be passed on to the CCFA membership as it becomes available but it would be helpful if individuals would write in support of this proposal. Letters or telegrams should be sent to:

Mr. Joel Greenberg, Chairman
Live Cattle Committee
Chicago Mercantile Exchange
444 West Jackson Boulevard
Chicago, Illinois 60606

NS: jmt