

Friona Industries, L. P.

Feeding Supplement

Customers Gain Access to Performance Data

Spring 2001

Volume 2, Issue 1

Friona Industries is excited to announce a new Internet Reporting System now available to our customers via our web site.

Closeout Summary, Receiving Report, Shipment Report and Cattle Valuation Report.

(806) 374-1811 and they will be glad to set you up with a password and answer any questions you may have regarding the system.

With this new system, our customers will be able to access their cattle information over the Internet. For customers feeding at more than one yard, the system has multi-yard reporting capability.

It's as easy as connecting to the Friona Industries' web site at www.frionaind.com and clicking on the "Customer Log-In" button. You will enter your customer number and password and will have access to your cattle information through a report menu.

The reports available include Comprehensive Yard Sheet, Death Loss Report,

"It's as easy as connecting to the Friona Industries' web site at www.frionaind.com..."

These reports can be printed remotely. Some of the reports may be downloaded into an Excel Spreadsheet for your personal files. There is also a "Help" button on the menu to assist you with the format and information in the reports.

If you are interested in accessing your cattle information through our website, you will need a password. The passwords are being issued at our corporate office by Benetta Roming and Sammie Flowers. Give them a call at (800) 658-6014 or

There is an overnight waiting period between the time you are issued your password and when you can access your information. The feedyard information is updated nightly and the passwords are a part of this procedure.

We are very excited about this new reporting system and providing our customers with easy access to their cattle information. ■



Grain Market Outlook

by Gary Holcomb, Commodity Procurement Manager

Corn prices are being pulled in opposite directions with bearish old crop fundamentals and bullish new crop fundamentals.

The bearish old crop factors influencing prices are 1) corn carryout projected at just under 2.0 billion bushels which would be the largest since 1993; 2) economic concern from struggling equity markets; and 3) potential of foot and mouth disease outbreaks.

The bullish new crop factors are 1) corn planted acres are projected to be down 2.9 million acres from last year and the lowest since 1995 – some traders believe acres to be even less due to price declines since the USDA acreage surveys; 2) possible planting delays caused

Winter Has Effectuated Cattle Performance

by Keith R. Hansen M.S., P.A.S.

The cattle cycle, competition for feeders, seasonal grazing patterns and commodity availability all dictate that we feed cattle in the winter. Fortunately the Southern cattle feeding belt is normally spared the very harsh winter conditions of the North. This year, however, has proven to be the exception. And, it has provided significant winter weather throughout the entire cattle feeding industry – no one has been spared.

This winter we have had colder low temperatures, we set records for extended average low temperatures, and more importantly we set or approached records for moisture and snowfall. Cattle do very well in heat and

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Winter Has Effectuated Cattle Performance....

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cold. They only suffer when the heat or cold is accompanied by wet.

With temperatures at 10 degrees F, a wet calf with no wind blowing will have a maintenance energy requirement from 29 to 60% higher than a dry calf. If the wind blows 10 mph that requirement can increase to 80 to 200% above normal.

We project performance in January, February, March and April to be 6 to 9% poorer than the best feeding months of summer. This year, so far, performance has declined to 10% to 12% and we have April yet to go.

March and April are generally the poorest closeout months because they produce the cattle (placed after October 1) with the most days of winter conditions and shortest daylight hours, all of which produce the lowest feed intake of the year, about 2 lbs. of dry matter below maxi-

mum intake, and the highest maintenance requirements. In February, we saw the final weight of finished cattle fall 40 pounds behind the projected total pounds of gain. In March, the shortfall was reduced to 20-25 pounds below projections. These projections are made based on feed intake so, any performance less than projections are the result

“Cattle do very well in heat and cold. They only suffer when the heat or cold is accompanied by wet.”

of severe weather conditions producing higher than normal maintenance requirements.

February 2001 feed conversions were 8.2% higher for steers and 12% higher for heifers than September 2000. Daily gains were reduced from 3.16 and 2.81 to 2.79 and 2.42 for steers and heifers, respectively. Out weights were reduced by more than 50 pounds for both steers and heifers.

At the end of March the weather was much better with daytime highs in the 70's and lows in the 40's however we do not “shake off” the lingering effects of winter so easily.

With longer days, consumption is increasing and performance is rebounding but we will not totally overcome the early feeding period effect of winter.

We can, however, take advantage of the spring conditions to allow cattle to compensate for some of the lost performance by continuing to feed cattle that have shown increases in feed intakes and are not in danger of producing excessively heavy or fat carcasses. It is not uncommon for cattle marketed in April and May to perform much better in the later stages of the feeding period than in the early period.

That is totally opposite from expected performance patterns of cattle placed in March through September. ■

Foot-And-Mouth Disease....Friona Industries' Response

Today, the United States, as well as Mexico and Canada, remains free of foot and mouth disease (FMD). There have been no cases of FMD in the U.S. since 1929.

There seems to be a lot of confusion and uncertainty within our industry concerning FMD. What is FMD? What happens if an actual occurrence were to happen in North America? As producers, what processes are we required to adhere to if there is an occurrence within our operations?

Here at Friona Industries, we feel it is extremely important to know as much

about FMD as possible, and to be prepared and proactive in our response to the ramifications of such an occurrence. It is imperative that we follow and adhere to all mandated guidelines in order to receive full indemnification for our livestock.

Rest assured that our feedyard operations are on full alert in regard to this situation. Should a verified diagnosis of FMD occur in North America, we will temporarily *halt* receipt of all incoming cattle so that the infected cattle are isolated and contained.

The following summarizes some of the most asked questions about FMD.

(These are excerpts from a TCFA publication entitled *Questions and Answers on Foot-and-Mouth Disease*, dated April 6, 2001)

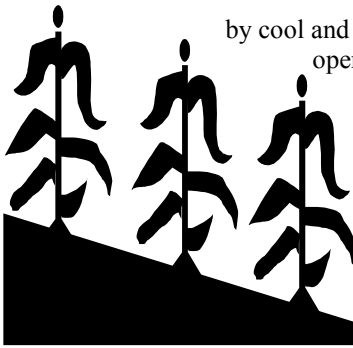
Q. What is foot-and-mouth disease?

A. A highly contagious viral disease that does not affect humans, but has devastating effects on animals with cloven hooves such as cattle, swine, sheep, goats and deer.

Q. What are the symptoms of foot-and-mouth disease?

A. Excessive slobbering, going off feed and lameness. Affected animals may have a sudden rise in temperature, followed by blisters in the mouth or other areas of tender skin such as udders in females, nostrils, and on the feet, particularly near the hooves.

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by cool and wet weather; and 3) China's predicted entry into the World Trade Organization would open the door for increased corn exports to China.

Assuming corn prices follow traditional seasonal patterns, most traders believe we will see some sort of a rally during the spring planting season. Once the crop is planted and growing without weather threats, prices should then retreat to a level reflected by expectations of the available supply. If exports continue to suffer then carryout could be over 2.0 billion bushels, which would be about 2.5 months worth of corn. If new crop production hits 9.6 billion bushels (which is currently being projected by some private analysts), our total available supply this fall could be in excess of 11.5 billion bushels – which is just slightly lower than last year.

However, total usage for next year is projected to be almost 500 million bushels higher than this year which would leave carryout stocks for next year around 1.5 billion bushels, or the lowest since 1998. Thus, any reduction in production due to weather could result in a significantly more bullish supply/demand scenario. The uncertainty over acres and weather during the growing season are keeping a premium in futures with December currently trading around \$2.40.

Significant price movement in either direction is possible this year. Watch for changes in export demand and new crop production to give the market impetus to move. Also, if foot and mouth disease invades our borders, corn prices will drop significantly in the short term and supply demand projections will see major adjustments. ■

Foot-and-Mouth Disease....

Q. How is it spread?

A. By movement of infected animals, movement of contaminated vehicles, by contaminated facilities used to hold animals, by contaminated hay or feedstuffs, and by a contaminated common water source.

Q. Why is there so much concern about FMD?

A. Nearly 100% of exposed animals ultimately become infected. If the disease grew to be widespread in any country, the economic impact could be severe. The most serious effects would include severe decline in milk from dairy cattle and goats, decline in meat production, possible sterility of animals, chronic lameness and chronic mastitis.

Q. What would be the economic impact if FMD did occur in the U.S.?

A. That would depend on how quickly the disease was identified and effective control measures put in place. If the disease became widespread, the economic loss could easily be many billions of dollars.

Q. Is there a treatment or cure?

A. The virus can be killed by heat, low humidity and some disinfectants. There is no cure and the virus usually runs its

course in 2 to 3 weeks with most animals recovering.

Q. Is FMD present in U.S. cattle herds?

A. No. The USDA regularly monitors for any disease among U.S. cattle herds and takes aggressive steps to prevent FMD from spreading to the U.S.

Q. What can beef producers do to help prevent FMD?

A. Know who is on your farms/ranches. Make sure people wash their clothes and footwear before traveling to another farm/ranch/property. Immediately contact your state veterinarian or county agent if you suspect symptoms of FMD.

Q. Is there a vaccine for FMD?

A. There are at least seven serotypes of FMD that have been identified, and as many as 60 subtypes. This makes effective vaccination much more difficult, if not impossible. In addition, contamination potential of vaccines increases the likelihood of vaccinated animals shedding live virus. Thus, vaccination itself could become a vector for the disease.

Vaccinated animals might be active hosts, but show no clinical signs of the disease, contributing to "rekindling" of the disease. This would make containment that much more difficult and the degree and latitude of the outbreak

much more severe than might have occurred without any vaccination program.

Because of this potential for spread and the quarantine which would be imposed, vaccinated animals in essence become "unmerchantables". Thus, any unilateral approach to vaccination as a preventative measure becomes impossible.

If a nationwide vaccination program were implemented, mandated by the USDA, we would potentially lose our ability to export beef.

Q. Are cattlemen indemnified in case FMD should be found on their operations?

A. Yes. State and federal indemnity funds will pay 100% of the fair market value of livestock and facilities destroyed during eradication of FMD.

Q. Where can I find more information about FMD?

A. The Texas Animal Health Commission is the lead agency in Texas. They can be reached on the Internet at www.tahc.state.tx.us or call (512) 719-0700. The USDA Animal and Plant Health Inspection Service web site is www.aphis.usda.gov/oa/fmd/index.html. The USDA has a FMD hotline at (800) 601-9327 option No. 2. ■

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We're on the Web!
www.frionaind.com

Feed Supplement Reminders

Web Reporting System



Remember to give us a call to receive your password for use on our new Web Reporting System via our website at www.frionaind.com.

Would you like more information on our cattle for sale and joint ownership opportunities, or would you like to receive a free estimated breakeven projection, call or email Brad Stout or Mark Hooker.

Receive this newsletter, Cattle for Sale notices and other important information via email. Just forward us your email address and we will include you on our list.

Our Feedyard Locations

Friona Feedyard
David George, Mgr.
Friona, Texas
(800) 658-6086

Swisher County Cattle Co.
Gene Pool, Mgr.
Tulia, Texas
(800) 658-6064

Spring Lake Feedyard
Harold Greenhouse, Mgr.
Earth, Texas
(800) 658-6085

Randall Co. Feedyard
Richard Winter, Mgr.
Canyon, Texas
(800) 658-6063

Littlefield Feedyard
Jonny Miller, Mgr.
Littlefield, Texas
(800) 687-5141

Corporate Feedyard Division:
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