

Cattle Market Reform



Livestock markets are highly consolidated, with just four companies controlling 85 percent of processing of fed cattle. These companies prevent farmers and ranchers from getting a fair price for their livestock while they overcharge consumers and rake in massive profits. Increased transparency and robust price discovery will bring about greater fairness in cattlemarkets.

In the last 15 years, the level of cash or “spot market” trades in the cattle market has declined dramatically in favor of “Alternative Marketing Agreements” (AMAs). Congress passed legislation in 1999 to address concerns about AMAs and high levels of concentration in meatpacking, which resulted in livestock mandatory price reporting (LMR) for most transactions.

LMR has helped with price discovery, but the erosion of the cash market for cattle is undermining its benefits. While AMAs can be a valuable tool for producers and meatpackers, the cash market serves as the basis for pricing through AMAs. A thinly traded cash market is susceptible to manipulation by packers and lead to lower prices for producers. Preserving a robust cash market is essential for true price discovery.

Reduced market transparency is also an issue. The packers’ control of the market gives them significantly more market information than cattle producers. LMR helps level the playing field and ensures that all participants have access to some basic information, but more transparency in the marketplace is needed for producers to get a fair shake.



Nationally, cash trades have declined from

52%

of all trades in 2005 to

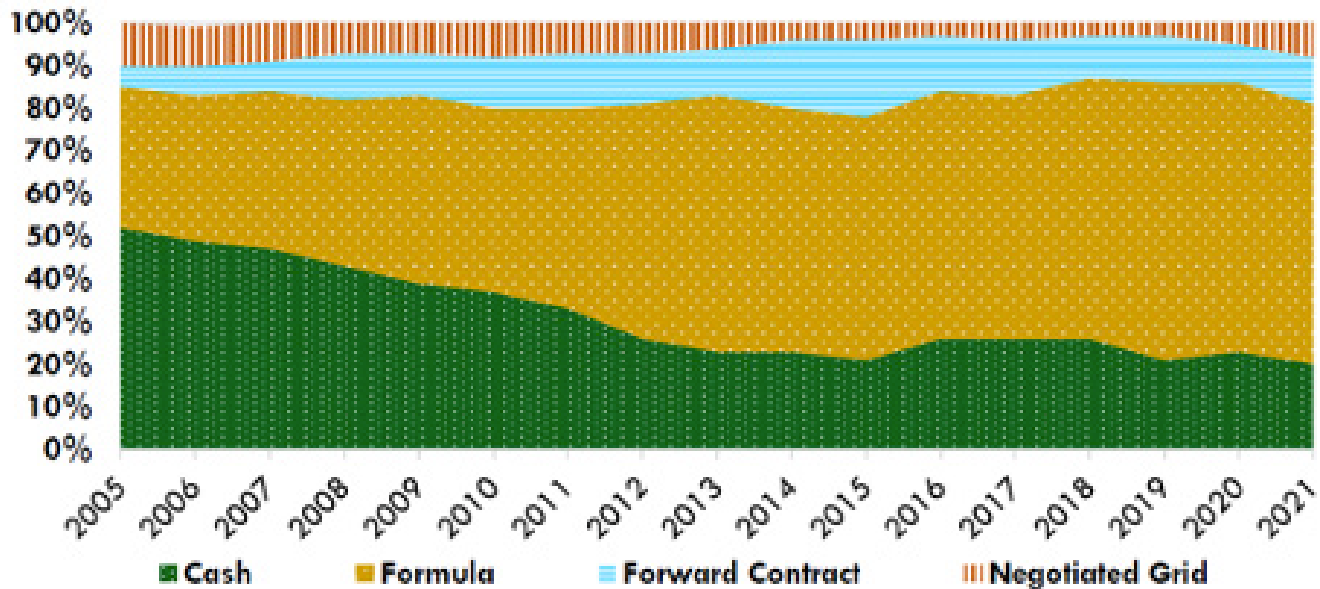
20%

in 2021

From the start of the pandemic through the end of 2021, meat processor net profit margins increased over

300%

Annual Livestock Mandatory Reporting Live Cattle Purchase Type; Nationwide



The Cattle Price Discovery and Transparency Act of 2022 (S.4030 and H.R. 7639), led by Senators Fischer (R-NE), Tester (D-MT), Grassley (R-IA), and Wyden (D-OR), and Representatives Axne (D-IA), Feenstra (R-IA), and others, includes several provisions to address the decline in price discovery and transparency in cattle markets:

- Establishment of regional minimums for cash trades, as set by the U.S. Department of Agriculture through a public process, to improve price discovery in cattle markets.
- Requiring 14-day slaughter reporting, expedited carcass weight reporting, and reporting of cutout yield data, which will give producers insight into the market and leverage when negotiating prices.
- Making permanent a cattle contract library, which will provide greater insight into AMAs used in the market.

What We Can Do:

Tell lawmakers to support the Cattle Price Discovery and Transparency Act to:

- bring greater price discovery and transparency to cattle markets,
- help farmers and ranchers get a fair price for their cattle, and
- reduce opportunities for the corporate meatpacking monopolies to manipulate markets.