



National Cattlemen's
Beef Association

April 8, 2020

The President
The White House
Washington, DC 20500

Dear Mr. President:

On behalf of America's cattle producers, I ask for your immediate attention in addressing the market volatility and damages experienced in the cattle production sectors of the U.S. beef supply chain. The onset of COVID-19 has resulted in the steep decline of both the cattle futures market and cash trade - resulting in significant financial challenges for our members. After weeks of striking disparity between boxed beef price increases and declines in both the cattle futures and cash price, we fear this trend could have devastating long-term impacts on cattle producers.

Unfortunately, the discrepancy between boxed beef prices and cattle prices is not limited to the onset of COVID-19. In August 2019, a fire at a large packing plant in Holcomb, Kansas, knocked out roughly six percent of the overall daily cattle processing capacity in the United States. The resulting run up in boxed beef prices, yet downturn in cattle prices caused much concern. Secretary of Agriculture Sonny Perdue answered our call to investigate all trade around the time of the fire to make a definitive determination of what happened in order to show accountability to the cattle industry. Now, six months into that investigation, we are asking for the current market volatility to be analyzed and incorporated into that ongoing investigation in the hope of identifying whether inappropriate influence occurred in the markets, and to provide our industry with recommendations on how we can update cattle markets to ensure they are equipped to function within today's market realities. We ask that USDA work closely with the Department of Justice throughout this process, conclude this investigation quickly, and release the findings to the industry as soon as possible. We also ask the Commodity Futures Trading Commission to study the influence of speculators on the CME Group's Live and Feeder Cattle futures contracts to determine whether the contracts remain a useful risk-management tool for cattle producers. Fair and functioning cattle markets are vital to the sustainability of our industry.

We must also address the immediate need of ensuring that packing plants keep operating and the beef supply chain keeps moving. The market woes for cattle producers will only grow if packing plants shut down or slow down for an extended period. As cattle producers, we are the beginning of the beef supply chain, and we need continued vigilance and oversight of all cattle market participants - for the benefit of America's cattle producers and all Americans.

Respectfully,

A handwritten signature in black ink, appearing to read "Marty Smith", written in a cursive style.

Marty Smith
NCBA President and cattle producer from Wacahoota, Florida