Additional Data Analysis Could Enhance Monitoring of U.S. Cattle Market

Fed Cattle Prices in Relation to the U.S. Cattle Inventory, 2008 through 2017

Supply and demand factors, such as a drought that affected the price of cattle feed, affected changes in prices of fed cattle—those ready for slaughter from 2013 through 2016. According to industry experts and GAO’s analysis, a drought from late 2010 to early 2013 led the cattle inventory to fall and rise and, in turn, fed cattle prices to fluctuate (see figure). GAO’s analysis of cattle market data from the U.S. Department of Agriculture (USDA) also indicated that competition levels among packers that slaughter and process fed cattle did not appear to affect the national price changes in the fed cattle market in 2015 but that areas of the country with less competition among packers had lower cattle prices.

The Commodity Futures Trading Commission (CFTC)—an agency that regulates cattle futures markets where participants buy and sell standardized agreements for cattle at an agreed-upon price at a specified date in the future—did not find evidence of trading irregularities in the cattle futures market in 2015. However, to better align futures contracts with the actual fed cattle market, CFTC reviewed changes to the futures contract for fed cattle since 2015 and will continue to monitor those changes.

The Packers & Stockyards Program (P&SP), which oversees the cattle industry within USDA’s Agricultural Marketing Service (AMS), does not have routine access to daily data for transactions between feedlot operators, which produce fed cattle, and packers. Those data are collected by AMS’s price reporting group, which does not routinely share them with P&SP because officials said it is prohibited by statute from doing so. The Livestock Mandatory Reporting Act of 1999 specifies that the Secretary of Agriculture may authorize the sharing of these data for enforcement purposes, which USDA interprets as an ongoing investigation, not market monitoring. In November 2017, USDA reorganized P&SP under AMS and officials said it was too early in the reorganization to determine whether AMS would view routine sharing of these data any differently. Reviewing the extent to which these data can be shared with P&SP provides an opportunity to enhance P&SP’s oversight of the fed cattle market. Determining whether it is advisable to request additional exceptions from information disclosure restrictions from Congress would help USDA strengthen its oversight.