

United States Senate

WASHINGTON, DC 20510

April 8, 2020

The Honorable Heath P. Tarbert
Chairman
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, N.W.
Washington, DC 20581

Dear Chairman Tarbert,

I write to urge the Commodity Futures Trading Commission (CFTC) to review the market volatility and increasing widening of boxed beef prices to live cattle prices since the beginning of February 2020. We are all watching with concern the unprecedented economic condition and the effect the global pandemic of COVID-19 is having on the entire market. However, a CFTC examination of these particular cattle and beef markets would bring comfort and stability to a market that experienced a volatile 2019 due to natural disasters and issues out of farmers and ranchers control.

As you recall, Nebraska experienced a “bomb-cyclone” in March of 2019 causing major losses for farmers and ranchers and then a fire at a Kansas beef processing facility in August 2019 causing considerable disruption to the cattle industry. Now the global pandemic of COVID-19 has caused an adjustment to retail, consumer and international purchasing of all commodities - especially beef. Economic reports have shown a 25 percent increase in boxed beef prices over a seven day period, meanwhile, the United States Department of Agriculture Livestock Market Reporting data showed a slight decrease in Nebraska weighted average live cattle prices over the same timeframe.

The United States Department of Agriculture Economic Research Service Meat Price Spread data provides average price values and the difference of these values at the farm, wholesale, and retail stages of production. This data from March 11, 2020, shows farm to wholesale at 115.7 cents per retail pound in September 2019 and 55.7 cents per retail pound in February 2020. The farmers share during this timeframe went from 37.2% in September 2019 to 43.3% in February 2020.

It is important that the CFTC to deter market manipulation and allow for open and transparent price discovery in the commodity markets. It is also important that the CFTC conduct examinations where necessary to ensure fairness so market participants cannot take unlawful advantage of global conditions. The commodity market must work and must retain integrity. At this time, it is vital that the CFTC remain vigilant to monitor and surveil any market abuse and take swift and strong enforcement against violators.

Thank you for your immediate attention and for the consideration of the requests made.

Sincerely,



Ben Sasse
United States Senator