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News from your CEO

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Thank you CPL members for your support, calls and letters to legislators assisting us in getting HB 760 passed. As you know, this bill sponsored by Rep. Fannin passed with a resounding majority (House 70/30 Senate 27/12).

We have had plenty of moisture in Louisiana which has increased our forages but has hampered getting hay cut, cured and baled in a timely manner. With so much water in these forages our calves may not have gained as well but prices have held up good. As we move into July and especially into August, the beginning of our fall run, we may see some weakness in calf prices. Cull cows will have one more chance to get higher as packers will be looking to secure inventory for school start up and the Labor Day holiday (the last major beef consuming time until Christmas). Make your marketing plans accordingly and be sure to contact your local sale barn manager, order buyer and / or video rep. to get you current with the market and develop a plan for the future. Having just come back from a trip to Arkansas, Oklahoma, Kansas and Nebraska I can tell you that they too have had moisture in abundance. Every place had green grass and ponds, tanks and lakes have recovered from recent droughts. Feed lots were anywhere from one third to one half of their normal capacity and many backgrounders were waiting to see what the early fall calf market was before committing to more cattle. Our markets this late summer, early fall may make some adjustments, but REMEMBER prices are still higher than last year's prices at this time so don't get caught holding cattle to outsmart the

market. This is not the year to "play" the market.

Enjoy the rest of the summer and if you have not renewed your membership, please do and while you are at it sign up a new member.

Dave Foster, CEO

SHOULD YOU WEAN EARLY? 3 SCENARIOS WHERE IT MAKES SENSE

Certain weaning time scenarios could take advantage of increased calf feed efficiency while improving cow forage resources and body condition. The majority of U.S. cattle producers wean calves at around 205 days of age, or roughly seven months, and typically make the decision on weaning time based on calf age, calf weight or because 'it's what they've always done.' But, there are certain scenarios where weaning earlier makes sense from both a cow and calf health standpoint and from an economic perspective.

"There are a variety of economic benefits to implementing early weaning strategies," says N.T. Cosby, Ph.D., senior consulting nutritionist with Purina Animal Nutrition. "For the calf, we're looking at feeding during a time in their lives when they are extremely efficient at converting feed to gain."

"For the cow, we're able to give her some forage resources that would typically go to the calf, thus allowing her to pick up condition score going into the winter months. Putting on that extra condition means we can save on some winter supplementation by not having to play nutritional catch-up," adds Cosby. Here are three scenarios where implementing early weaning might make sense:

1. Drought or low forage situations
"One of the most common reasons for a producer to consider early weaning would be if they're in a summer drought

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UNIQUE U.S. BEEF AND CATTLE TRADE SITUATION CONTINUES

Derrell S. Peel, Oklahoma State University Extension Livestock Marketing Specialist

The unique U.S. beef and cattle trade situation that developed in 2014 has continued in 2015. Falling beef production is keeping beef supplies tight and prices near record levels in the U.S. This discourages beef exports and attracts more beef and cattle imports. Both imports and exports are further enhanced by the strong dollar. Though dollar appreciation has leveled off recently, continued global macroeconomic uncertainty is likely to keep the dollar strong for the time being.

In May, beef exports decreased 14.4 percent year over year with exports to all major export destinations (Japan, Canada, Mexico and Hong Kong) down except South Korea which was unchanged from last year. Year to date beef exports are down 9.5 percent from last year. May beef imports continued larger year over year with the monthly total up 24.8 percent from one year ago and up 37.3 percent for the year to date. Beef imports in May were up most from Australia and Mexico among major sources and were also up sharply from smaller sources including Brazil and Uruguay. Total cattle imports in May were down 10.3 percent from last year and are down 9.2 percent year over year for the year to date.

The dramatic increase in U.S. beef imports in 2014 and so far in 2015 has been led by increased imports from Australia. This is the result of unique circumstances in Australia as well as the U.S. U.S. imports of Australian beef were up 41 percent year over year in May and are up 64.8 percent for the year to date. This follows a 74 percent year over year increase in 2014. A prolonged drought in Australia has led to increased slaughter, beef production and beef exports along with decreased herd inventories. The Australian beef cow herd has declined over 1 million head since 2013. Though the drought continues in Australia, it appears that cattle slaughter and beef production have peaked. Beef production is expected to decrease in 2015 and may lead to decreased U.S. imports of Australian beef in the second half of the year. At the current pace, Australia could hit the beef tariff rate quota by this fall. Beyond 2015, U.S. imports of Australian beef are not likely to grow and will decrease when drought conditions permit herd rebuilding in Australia.

In Canada, declining herd inventories is resulting in decreased feedlot production, beef production, and cattle exports. U.S. beef exports to Canada were down 15.6 percent in May compared to last year and are down 12.9 percent for the year to date. U.S. imports of Canadian beef were up a scant 1.2 percent year over year in May and are up 4.5 percent for the year to date. In the face of declining Canadian beef production, imports of Canadian beef may drop below year earlier levels in the last half of 2015 and may decrease year over year on an annual basis. Decreased imports of Canadian cattle are led by a 47 percent year to date decrease in slaughter steers and heifers and a 27 percent year decrease in slaughter cows and bulls compared to one year ago. Year to date imports of Canadian feeder cattle are unchanged from last year but the composition of those imports is significantly different compared to last year. After jumping sharply last year, imports of feeder heifers are down 21 percent compared to last year while steers are up 48 percent year over year. This may indicate planned heifer retention in Canada. However, severe drought conditions in the Canadian prairie this year is likely postponing herd rebuilding and may contribute to additional herd liquidation.

So far in 2015, U.S. imports of Mexican beef have continued to expand, up 26 percent in May and up 39 percent for the year to date compared to last year. Beef exports to Mexico dropped 33 percent year over year in May and are down 23 percent for the year to date. U.S. imports of Mexican cattle were up 27.6 percent in May and are up 8.1 percent year over year for the year to date. Imports of Mexican heifers for the year to date are 23 percent below year ago levels while steer imports from Mexico are up 15 percent so far this year. In 2014, imports of Mexican heifers were up 23 percent year over year. Decreased exports of heifers from Mexico may be an indication of heifer retention. Forage conditions in Mexico are generally good and supportive of herd expansion. Mexico's ability to maintain cattle exports and increased beef exports may be constrained if herd expansion accelerates.

BURKE TEICHERT: FIVE FOUNDATIONAL IDEAS FOR A SUCCESSFUL RANCH

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In the context of the five essentials, these are the big drivers. So, that tells me that a young rancher should learn how to graze—I mean really learn how to graze from the soil up. What are we doing to the soil and how is the soil reacting to what we do? What drives increased productivity and health of the plants and animals?

I would then learn all I could about cover crops and no-till practices if I were doing any farming. I would learn how to graze more and feed less. I would arrange cattle in as few management groups as possible with a simple breeding plan that includes some level of heterosis. I would make sure that open yearling heifers were a profitable enterprise. I would learn low-stress animal handling techniques and just not assume that, because I am already good, there isn't still a lot to be learned. I would breed and cull cattle to be very low maintenance, thus requiring very little of my time.

Ranchers need to learn to think holistically, put strategy ahead of tactics, don't let convenience drive planning for profit and then learn what the big drivers of profit really are. We can wish and pray for favorable markets, weather and government regulations, but we must manage things we can control recognizing that we need contingency plans for the difficult times.

BURKE TEICHERT: FIVE FOUNDATIONAL IDEAS FOR A SUCCESSFUL RANCH

After four years, Burke Teichert goes back to the beginning.

Four years ago, I wrote my first article for BEEF. Now that many of you have read and reacted to many of my pieces, I want to revisit the foundational ideas from which I work. If I were to be critical of our industry, I would say that we deal too much with “how?” and not nearly enough with “what?”

And then, because of so much training in reductionist thinking, much of the forest is not seen or considered because we are looking at and working on individual trees. In much of my writing, speaking and managing, I have emphasized what I call “Five Essentials of Successful Ranch Management.” As I have progressed in management and learning over the years, I have come to believe that, when broadly interpreted, they are in fact the essentials.

Here they are:

1. Our approach to management should be both integrative and holistic. This means that we integrate into our thought processes, from as many sources as feasible, as much pertinent information as we have time and perhaps money to get. We then have enabled ourselves to make decisions holistically—taking into account and estimating the many effects of various changes that we might be considering.

We have a strong tendency to think of single inputs or changes yielding a single quantifiable output, such as the additional pounds resulting from implants or a wormer. We don’t often go to questions like, “Can I name and quantify all of the changes that would result from moving my calving season one month later?” Or, “What would change and what would be the effects (good and bad) of selling my haying equipment?”

2. We should strive for continuous improvement of the key resources—land, livestock and people. Naturally, we understand there will be setbacks, but we should expect the trend to be positive. We have a tendency to deal with short-term effects and shortsighted improvements when we should develop leadership that can bring people to a “shared vision” that can last, with updating, for a long time. This “shared vision” should give all stakeholders (owners, employees and others) a clear vision of what their future will be. On the other hand, a lack of vision and leadership—accompanied with mediocrity in the management of land, livestock and people—is why most ranches have difficulty transitioning to the next generation.

3. We need to acquire and use good analysis and decision-making tools. They need to be simple and reliable, easy to understand and use. This starts with good enterprise accounting information, including good separation of direct and overhead costs. You also need a few key production metrics such as animal days or AUMs per acre, weaned calf crop percentage, pregnancy rate, weaning weight, yearling gain and death loss percentage by age class.

I also like to look at pounds weaned per acre and yearling gain per acre to get a picture of true ranch productivity as opposed to production per cow. Outside of seedstock operations, you don’t need much more than this to enable the use of good analytical spreadsheets to greatly improve the quality of decision making. If you provide all team members with good production and financial information, they will make better and better decisions.

4. Wage war on cost. We must do this because of competition. People don’t need to eat meat, and some don’t only because of price. When they do eat meat, it doesn’t have to be beef. So we need to produce our product using methods that can yield a profit for us and still be priced so the consumer will be willing to buy it. Then we must understand that our neighbors, who are usually good friends, are also our competitors. If they can produce a similar animal for \$10 per cwt less than we can, they get to stay in business longer when tough times come.

5. Emphasis on marketing. I learned from a few very astute marketers that our operations were leaving money on the table a high percentage of the time—especially when marketing females. We can do better by considering best time, best place or sale method, and the package we sell—calf, stocker, bred heifer, open heifer, pregnant cow, etc.

Guided by the “Five Essentials” and considering that we must manage:

- Production
- Economics and finance
- Marketing
- People;

and that we have only three ways to improve profit:

- Increase turnover
- Reduce overheads
- Improve gross margin;

and how interconnected these are, I come to the conclusion that we must make our choice of enterprise fit the land that we have or, for the few who are starting from scratch, buy land that fits the type of enterprise that we want.

How I would start a ranch today

Then we need to come to a “shared vision” which will declare “why we want to be in business, what we are going to do in this business (the strategic issues), and how we are going to do it.” In all of that, it comes down to becoming better marketers and reducing overheads to the lowest level possible without hurting long-term production potential and then improving three key ratios:

- Cows per person
- Acres per cow
- Fed feed vs. grazed feed

SHOULD YOU WEAN EARLY? 3 SCENARIOS WHERE IT MAKES SENSE

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situation,” says Cosby. “Considering early weaning in this scenario would save some of your valuable forages for the cow.”

According to Cosby, each day an early weaning strategy is implemented saves 10 pounds of forage for the cow. Implementing an early weaning program two to three months earlier than the industry average means that a significant amount of forage could be saved for the cow.

Those extra pounds of forage may go a long way towards increasing the condition score on the cow herd going into the winter months, as cows are likely either late in the second stage of pregnancy or early in the third stage.

Early weaning also means the nutritional requirements of the cow decrease as she no longer needs to put resources towards milk production, allowing her to shift those energy resources to gaining condition.

2. To hit your marketing window

“Early weaning may help producers hit a more lucrative calf marketing time, given what the cattle markets are signaling to customers,” says Cosby.

There are some scenarios where selling lighter calves means a higher price per hundredweight. There are also scenarios where selling calves earlier than the typical months when calves are marketed (typically mid- to late-fall) means a higher price floor.

“If the marketing scenario is right, it’s always good to consider options to capitalize,” adds Cosby.

3. When stocking density is increased

“A reason to wean early that’s becoming more prevalent is land cost, and subsequently increased stocking density,” says Cosby. “Some cattle producers today are trying to run more cows on the same acreage to potentially increase profit.”

More cows on the same acreage means that the forage resources are limited, and that both cows and calves could potentially be shortchanged on nutrients.

“If we’re short on forage, either quantity or quality-wise, it’s often a good plan to start calves on a higher plane of nutrition by going ahead and weaning them,” adds Cosby.

With any of these three scenarios, it’s critical to get early-weaned calves on a quality nutrition program.

“These early weaned calves can’t hold a lot of feed because of their small rumen size,” says Cosby. “At the same time, the calf’s requirements per pound of body weight are quite high. You need a high-quality, nutrient dense, complete feed to get them off to the best start.”

Nutrition lays the foundation for a successful starting program, getting calves on feed quickly and keeping them healthy. The Purina® Great Starts® calf feeding program has customizable feeding options designed to fit a producer given forage availability, feed type and feeding facilities.

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