Cow Country Reporter

August 2015 Volume 7 Issue 8

News from your CEO

IF YOU HAVE NOT PAID YOUR CPL 2015-2016 DUES, PLEASE STOP NOW AND GET CURRENT. Your support is important to the day to day management of CPL and as you know our dues is the sole income of CPL. Enough said!

We are now as dry as we were wet just one month ago. Many producers are wondering if there will be another hay cutting. August is the month in Louisiana when our “fall runs” begin and unlike last year, where the prices kept getting higher, prices are getting into a more normal fall marketing pattern (increase receipts at the auction markets and lower prices). We need to pay close attention to the slaughter cow market. There are signs in the market place where ground beef may have reached a level where consumers are backing away from these price levels. So, when you preg check your cows and have some you are going to send to the market check with your marketing agent to see what they think. A “handful” of open cows is one thing but a gooseneck load or truck load should make you pick up the phone and check the market. Also, under these weather conditions (dry/hot) you may want to wean your calves early and give that cow time to “flesh up”. From now until Thanksgiving one needs to keep abreast of the market, so use your marketing agents and remember they are in the market daily.

Members, you need to think about some information meetings in your area so call and we can set one up. Be careful during this 2015 marketing year and use all the tools CPL has to offer (toll free number, weekly market report, daily information about the livestock industry via our website). I wish you a successful marketing season and may the grass start growing.

Dave Foster, CEO

Trich-onomics

By: John Maday, Editor, Bovine Veterinarian

When a third or more of a rancher’s cows turn up open, which can happen when trichomoniasis, or trich, infects a herd, the rancher obviously takes a significant economic loss. But due to the sporadic nature of the disease, quantifying losses the disease causes across a region or across the country presents a challenge.

Texas A&M University economist David Anderson, PhD, recently presented his economic estimates of trich losses during a meeting of the NCBA BVD Working Group at the Cattle Industry Summer Conference. Anderson worked with university veterinarians to develop a set of assumptions and calculate the annual losses across the Texas cow-calf sector attributable to trich. He estimates that 20 percent of the 150,000 beef herds in Texas have some degree of trich infection in any year. Based on research, he used an average calving rate of 85 percent for the 80 percent of herds that do not

(continued on page 2)

Cattle Producers Of Louisiana
P.O. Box 886
Prairieville, Louisiana 70769
Website: www.lacattle.org
Toll Free: 888-528-6999

Dave Foster
Chief Executive Officer
info@lacattle.org

Beef herd expansion: how fast and how much?

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

The dramatic rise in calf prices in 2014 and the corresponding increase in cow-calf returns highlight the growing market incentives to rebuild the beef cow herd. As the primary supply source for the beef industry, cow-calf producers will, by their decisions in the next two to four years, determine the inventory of cattle and the overall level of beef production in the U.S. for the remainder of the decade. Dramatic improvement in forage and pasture conditions in much of the country in 2015 means that the beef cattle industry can focus on doing what they want to do rather than being restricted to what they have to do. Much of the far west regions of the country are still hampered by severe drought in areas that represent about 9 percent of the total beef cow herd.

Beef cow herd expansion started briskly in 2014 with a 2.1 percent increase in beef cow numbers in the first year of expansion. This faster-than-typical early growth reflected suppressed expansion desires as a result of the drought. Though producers were forced to liquidate cows during the drought years of 2011-2013, they continued to add heifers to the herd to be ready to expand when the opportunity arose. The resulting cow herd is young and productive and allowed for a sharp drop in beef cow culling in 2014 with a culling rate of 8.8 percent, down from 10.6 percent in 2013.

So far in 2015, beef cow slaughter is down 17.3 percent. Though seasonally higher beef cow slaughter is anticipated in the fall, thereby reducing the year over year decline, beef cow slaughter will be down again year over year and is likely to result in a near record low 2015 net culling rate below 8 percent. The July Cattle report indicates a 2.5 percent year over year increase in beef cows to mid-year 2015. Historical relationships between the estimated July beef cow inventory and the following January 1inventory suggest a January 2016 beef cow inventory of just over 30 million head, representing just over 1 percent growth in 2015. However, beef replacement heifers were up 4 percent on January 1 and were up 6.5 percent on July 1, indicating more aggressive herd expansion. The year over year increase in the beef cow herd in 2015 is likely to fall in the range of 2.5-3.5 percent. Annual herd growth up to 4 percent is possible but would be very aggressive. The January 1, 2016 inventory is likely to fall in the range of 30.4 to 30.7 million head. The upper end of this range, corresponding to an aggressive 3.5 percent annual growth rate, would represent a one million head increase in beef cows from 2015 and would be slightly less than the pre-drought 2011 level of 30.9 million head.

This leads to the question of just how much beef cow herd expansion is needed. The answer to that depends on several factors. Total beef production in coming years will be the result of increased slaughter numbers resulting from herd growth and cattle carcass weights. Cattle carcass weights have jumped sharply the past three years. If that pace of increase continues it will curtail the amount of herd expansion needed. However, more moderate carcass weight growth in the next two or three years would warrant a larger herd inventory.

Beef demand is the ultimate determinant of how big the beef industry will be and thus the combination of domestic and international demand for U.S. beef will be critical to determine how much beef cow herd expansion is needed. Per capita beef consumption will grow as beef production expands but demand will determine at what price level this consumption will occur. In a stable market, consumers will pay a price just high enough for a given level of consumption to ensure that producers will provide enough beef for that level of consumption. Of course, international beef trade must be figured into to that as well. It is an evolving picture that will depend on conditions in the coming years but at the current time my estimate is that the industry will operate with around 32 to 32.5 million beef cows. It appears that we could achieve that level at the earliest by 2017, more likely by 2018 or 2019.

Trich-onomics

(continued from page 1)

have trich and a 73 percent calving rate for herds that do have it.

For this model, he based the estimates on a 90-day calving season. When cows are exposed to trich from bulls during breeding, they often conceive but lose the fetus 50 to 80 days into gestation. Over time, cows typically clear the infection and return to near-normal fertility in two to five months. So, with a 90-day breeding season, trich-infected cows probably will be open at the end of breeding. A longer breeding season could increase calving rate, but late calves would be much lighter at weaning, also resulting in financial losses.

Based on Anderson's assumptions, trich could be reducing annual calf production in Texas by 2.5 percent, or 96,000 calves. Using 2013 averages, the lost revenue for those calves would be $95 million. At

Marketing plans for your livestock operation

By: Kate Brooks, University of Nebraska-Lincoln Extension

As we work into the first days of summer, now would be a good time to revisit your marketing plans. For those of you who don't yet have a marketing plan, now may be a good opportunity to start putting one together. Every operation should develop and maintain a marketing plan. These plans can be very simple to very complex, depending on your situation and level of detail. These plans need to be flexible and easily updated as things change. As you look at creating a marketing plan, you need to answer these five questions:

1) What are you going to sell?

If you have a current operation, this can be easy to come up with. For instance, you already know whether you are producing for a niche market (i.e. all natural, organic, etc.) or a commodity market. If you have a spring calving herd, you should already know the number and sex of the calves you plan to sell. You also need to determine the target weight you want them to reach at time of sale. If you are selling a replacement heifer or cow, you need to determine the target age, as well as whether she will be open or pregnant at time of sale.

2) Where are you going to sell?

Within the beef industry, there are several options. Auction barns have had a long tradition of selling cattle and calves. Market animals can also be sold through online forums or video auctions, as well as direct marketing to local feedyards. Some have even been known to post sales on Craigslist. It is important to identify your target market and explore all the options available to you to sell your product.

3) When are you going to price or sell that product?

When do you plan to physically market the animals? Establishing your price may occur at a different time than when you physically market the animal. You should feel comfortable with the methods of selling and pricing your cattle. Some producers may only use cash markets or cash forward contracts, while other producers may feel comfortable using the futures market or options market. Livestock Risk Protection (LRP) Insurance is another option to consider when pricing your cattle. More information on LRP for feeder cattle can be found at: http://www.ianrpubs.unl.edu/pages/publicationD.jsp?publicationId=797. You should find an acceptable level of risk and pricing method you can be happy with. The best pricing methods may change from year to year and what your neighbor did may not be the best choice for you.

4) What are your goals and objectives?

Given current market conditions and price expectations, what are the goals and objectives you seek to accomplish with your marketing plan? Keep in mind, seeking only to get the highest price can expose you to more risk than you can handle or feel comfortable. Your goals should be a combination of getting a good price and controlling the risk associated with the market place.

5) How can you accomplish your marketing goals and objectives?

Identify specific strategies and tools that can help you reach your marketing goals and objectives. Specify actions you need to take and deadlines you need to meet in order to put yourself on a timeline that keeps you proactively implementing your plan and managing the market risk.

Planning is essential. Creating a marketing plan can help alleviate stress as well as emotion in implementing your marketing strategy. Understanding your cost of production will help establish your pricing objectives and the triggers that make the marketing plan more valuable. Make sure you continually evaluate your plan and establish contingency or backup plans you can implement if there are price or market changes that differ from your original expectations.

Trich-onomics

(continued from page 2)

the finishing level, the lost value for those 96,000 missing calves is another $156 million.

He also applied his model to an actual ranch using historical data from Texas A&M's Agriculture and Food Policy Center. Anderson selected a 335-cow operation and examined the impact of a 73 percent calving rate versus 85 percent. The model shows the loss of 40 calves at a 73 percent calving rate would result in a reduction of $44,000 in net farm revenue, and because the farm would have invested in maintaining the cows and all other associated costs, that loss represents an 81 percent reduction in net farm revenue, which clearly would not be sustainable for the business over time.

Don't forget to pay your dues!

Is Early Weaning the Right Decision for You?

By: Travis Meeter, University of Illinois Extension

Early weaning (EW) is a management strategy that can alleviate grazing pressure on pastures. EW can be a management decision to keep from feeding cows to maintain body condition. Young, growing calves will more efficiently convert feed to pounds. Thus, money budgeted for feed may be more wisely spent on a calf ration instead of feeding cows trying to support lactation demands.

Maddox (1965) suggested that by the time a calf reaches 120 days of age, more than half of the calf's energy requirement comes from sources other than milk. This means that calves are consuming forage in no other supplement is provided. In spring calving herds, grass quality is declining at a corresponding time to when milk production plateaus. This results in calves needing other sources of nutrition. Boggs et al. (1980) showed that milk intake of calves declined 93% from April to August. This results in calves eating forage to compensate for the gap in nutrition, which can take available forage away from the cow.

Removing the calf will not only eliminate their forage intake, but also eliminate the nutritional demand of lactation on the cow. Cow intakes have been shown to decrease by as much as 40% when calves are early weaned. This intake reduction could be the needed decrease to deal with poor pasture conditions and limited hay supplies.

Disadvantages to EW:

- Increased management
- Need for facilities
- Increased labor
- Increased feed costs
- Calves can become fleshy

Advantages to EW:

- Decrease forage intake of cows
- Cows tend to have better BCS at calving
- EW calves have better quality grades
- EW calves have higher % Choice grade carcasses
- EW calves have higher ADG than counter parts on creep or just pasture

Early weaning calves from first calf heifers and young cows can improve reproductive performance along with decreasing intake. Young cows are still devoting energy to growth and thus negative energy balance occurs more frequently. EW the calf decreases the energy requirement of the cow. Young cows are good candidates for EW.

Although not the ideal scenario for most cattlemen, EW can be a management decision that aids situations with low forage availability, poor first-calf cow breed-back, and premiums for higher quality grading carcasses.

CATTLE PRODUCERS OF LOUISIANA
P.O. BOX 886
PRAIRIEVILLE, LOUISIANA 70769
WEBSITE: WWW.LACATTLE.ORG
TOLL FREE: 888-528-6999