

Cow Country Reporter



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News from your CEO

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As I write this article for our newsletter, I am enjoying the cooler temperatures, however, temperatures are not the only thing that have cooled. What about cattle prices? Yes! Going from Labor Day to the week ending October 2, 2015 feeder cattle prices have dropped \$30.00-\$45.00 cwt. or \$150.00 to \$250.00 per head for 400-675 lb. calves. When one compares the week ending October 2, 2015 to the same week in 2014, these same weight groups are \$335.00-\$390.00 per head lower. These facts really bothered me, so I went back to this same week in 2013 and our calf prices are still \$100.00 to \$150.00 per head higher today. We all hear the many reasons for this decline in prices and we can get all worked

up about it (and rightly so) but let's see what can be done to protect our "bottom line". The timing is perfect to have some informational meetings in the state to address these issues and challenges and see if we can find solutions for them.

Contact me if you want to have a meeting in your area. In the mean time, enjoy this weather change (and pray for rain) and remember when your calf crop didn't pay for your ranching investment. Let's have some meetings!!!

One more note, the CPL weekly market update (1-888-528-6999 option 3) has been fixed. Please use this free service to help keep you posted on current market prices. Also, let me know if it has not been updated or experiencing problems. Thanks!

Dave Foster, CEO

FED CATTLE MARKET PURGE CONTINUES

By: Derrell S. Peel, Oklahoma State University Extension Livestock Marketing Specialist
Fed cattle prices dropped over \$9.00/cwt last week to about \$125/cwt. Prices for pens over 80 percent Choice made up most of the volume and had a lower average price than lower grading pens of cattle. This has been the situation for several days and reflects the large supply of extremely heavy fed cattle. There are anecdotal reports of fed cattle in the Midwest with live weights up to 1900 pounds. These cattle are finally being marketed. The estimated weekly cattle slaughter last week was 574 thousand head, up fractionally from 573 thousand head one year ago. Estimated cattle carcass weights last week were 843 pounds, up 25 pounds from the same week last year. Estimated weekly beef production was up 2.6 percent year over year. The extra carcass weight is equivalent to adding over 17,500 head to the weekly slaughter total at last year's carcass weights.

The most recent actual slaughter data (for the week ended September 12) showed record large steer carcass weights of 919 pounds, 13 pounds over last year's seasonal peak weight of 906 pounds in November. Heifer carcasses averaged 826 pounds, slightly below the record 830 pound level in November, 2014. With beef cow slaughter currently making up a larger

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A LESSON FROM COW NUMBER 301

By Laura Mushrush, Assistant Editor, Drovers CattleNetwork

Amongst numerous vehicle reviews, a breakdown of which toilet paper is going to give you the most bang for your buck, pros and cons of switching to solar power, and an enlightening article on what type of light bulb to purchase, was a cover story for the October Consumer Reports that aimed to put a big black eye on the beef industry.

“WANTED: SAFE BEEF Bacteria-tainted ground beef remains a major source of serious illness in the U.S. We know how to make the system better. What’s holding us back?”

Flipping through the eight-page spread (in publishing, eight pages is a huge deal), I sharpened my knives to skin through the, “How Safe is Your Beef?” report and write a rebuttal. But as I began to read through the piece a second time around with a yellow highlighter, something stopped me dead in my tracks.

Page 26, opening photo caption, “A MODEL EXAMPLE Cows at Georgia’s Fort Creek Farm are raised on grass and not fed antibiotics.” This was featured with a full page photo of a red baldy cow with a runny left eye. Her number: 301.

While the article itself was focused primarily on food safety and the dangers of E.coli O157 in beef, we need to focus on Cow Number 301.

Every operation is different and there is no one-stop-shop for consumers hungry for beef, making the featured producer’s business valuable to the diverse beef market – the problem is not with them. The problem is with how Consumer Reports consistently carried a message throughout the article that unfairly weighed conventionally raised beef in comparison to grass-fed, and organic beef – with a close up shot of a cow in physical discomfort as the lead in photo to an article that preaches antibiotic free practices as king for the animal’s welfare and for the consumer’s burger.

Ironic much? To anyone who has ever doctored sick cattle, seen a slightly agitated eye quickly progress into a bad case of pinkeye and diligently worked alongside their veterinarian to make a health program for the welfare of their herd, the answer is, “Yes.”

Flipping to page 28, Consumer Reports defines sustainably raised beef as, “At minimum, sustainably produced beef was raised without antibiotics. Even better are organic and grass-fed methods.” This is then followed up by a quote on page 30 by a rancher who produces grass-fed beef, “Conventional cattle reach 1,200-plus pounds in 16 to 18 months. On our farm, it takes 20 to 22 months to raise an 1,100-pound animal, which is what we consider slaughter weight.”

What happened to, “producing more with less,” as a main key point to sustainability?

And unfortunately, beef consumers are now caught in the crosshairs. Strike that, all consumers are now caught in the crosshairs because the same story with different characters is being played out in all of agriculture. Pork, dairy, poultry, produce, crops – no one is immune.

This stretches further than Consumer Reports. Google, “antibiotics in meat.” What shows up? A recent report card by Friends of the Earth called, “Chain Reaction: How top restaurants rate on reducing use of antibiotics in their meat supply.” And it’s complete with a take action center at the bottom incase inspired readers want to call Subway and give a call center rep an earful about the use of antibiotics in meat.

When high caliber, trusted organizations like Consumer Reports and national news sources are picking up and turning out shaky information, it’s a problem.

Consumers have to be confused. But where are they going to get answers to their questions?

This is where you come in.

If you own livestock or somehow make your living off of the livestock industry, you have an obligation to be a messenger of clear information to the people making it possible for you to do what you do every day.

You don’t have to be a blogger or active on social media to be a spokesperson for agriculture – this day of age, the power of personal conversation is immense in a world glued to digital screens. Step out of your comfort zone and talk the shopper at the meat counter while you’re getting groceries, make small talk with the stranger next to you on the airplane, volunteer to be a guest speaker at local club meetings or schools – just talk to people, put a face to the industry. Be sincere and thoughtful about what you say. Equally as important, engage and listen to their story.

At the end of the day, no one is going to know about the orphan calf you saved by grafting it onto a different cow, the ice you chopped every day in the dead of winter to water your livestock, the scientifically proven protocols you followed, and how you worked with veterinarians to provide your livestock health protocols for their welfare – without compromising consumer’s safety.

That way when another Cow Number 301 comes around, consumer’s will have a firm understanding that it is safe for her to receive humane treatment and still remain in the food supply.

BRD IN PRE-WEANED CALVES

By John Maday, Editor, Bovine Veterinarian

While we generally think of bovine respiratory disease (BRD) as a problem associated with shipped stocker and feeder calves, about 20 percent of ranches experience some incidence BRD in pre-weaned calves on their home pastures. During the recent American Association of Bovine Practitioners (AABP) conference in New Orleans, Mississippi State University veterinarians Dave Smith, DVM, PhD, DACVPM, and Amelia Woolums, DVM, MVSc, PhD, ACVIM, ACVM, outlined research into risk factors associated with BRD in pre-weaned calves.

BRD is the leading cause of death in calves three weeks of age or older, Woolums says. Smith adds that economic data indicate that losses due to BRD on ranches add up to around \$200 to \$300 million in the U.S. each year, or about \$7 to \$10 per cow overall and \$35 to 50 per cow in affected herds.

Data from multiple studies show that BRD tends to break out in calves at two times. Sporadic outbreaks occur in young calves, typically at around 20 to 30 days, with the sickness likely related to failure of passive transfer from the dam. Larger outbreaks occur later, typically peaking at around 120 days, during the gap between the decline in passive immunity and full development of the active immune system, leading to a loss of herd immunity.

In a large survey of 2,600 US cow-calf producers in three Eastern and three Plains states, researchers found detection of BRD in calves was significantly associated with large herd size, detection of BRD in cows, and diarrhea in calves. Calving season length was associated with BRD in calves in Plains states but not Eastern states. Incidence of BRD treatment was positively associated with calving during the winter, introduction of calves from an outside source, offering supplemental feed to calves, and use of an estrous cycle synchronization program for cows.

Other studies have shown associations between several factors and BRD incidence, including:

- Year of birth – Incidence can vary widely year-to-year on the same ranch.
- Location of calf on the operation – Some areas could provide more opportunity for exposure to pathogens.
- Sex of the calf – Male calves appear more likely to experience BRD than female calves.
- Dam age – Calves born to heifer dams seem more likely to experience BRD, and experience it earlier in life, than those born to older cows.

In another large survey of producers, at least 50 percent of respondents selected “weather”, “inadequate colostrum consumption”, “introducing new cattle”, “failure to give nursing calves BRD vaccines”, “failure to give cows BRD vaccines”, “calf diarrhea in the herd”, “vitamin/mineral deficiency for cows/calves”, “protein/energy deficiency for cows/calves”, “BVDV PI cattle in the herd”, and “calving cows and/or heifers in confinement” as contributing to nursing calf BRD.

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FED CATTLE MARKET PURGE CONTINUES

proportion of total cow slaughter, cow carcass weights are falling; the current level of 638 pounds is down from the May peak of 660 pounds.

The boxed beef market reflects current large supplies of beef and especially Choice beef. Choice boxed beef prices have fallen faster than Select with Choice prices down \$14/cwt. this past week compared to a \$9.50/cwt. decrease in Select boxed beef prices. Choice boxed beef price ended the week at \$212.23/cwt. compared to \$209.80 for Select boxed beef. One result is an unusual counter-seasonal narrowing of the Choice-Select spread, dropping to \$2.43/cwt by the end of the week. Typically, the Choice-Select spread is around \$11/cwt. at this time of year.

It appears that the needed purge in fed cattle markets is underway. It will likely take another two or three weeks to complete the process and get feedlots current on marketings. The thoroughness of this will set the stage for fed markets for the remainder of the year. A peak in carcass weights and strong weekly slaughter totals will be indicators of successfully cleaning up this mess. It is important to remember that overall feedlot numbers are not burdensome (placements have been down for many months); it's just the supply of heavy cattle that is burdensome. Fed and boxed beef markets will be in a position for a significant recovery assuming the current purge is successful.

EVALUATING FALL WEANING DECISIONS AND VALUE OF GAIN

By Dr. Andrew Griffith, University of Tennessee Extension

Calf weaning is just around the corner for most spring calving herds. There are several different methods producers use to wean and market calves. Some methods are better than others when it comes to the health of the animal. Oddly enough, the methods that result in fewer health problems are largely desired by many cattle buyers and result in higher prices but not necessarily larger profits.

One of the most common methods is to market calves at weaning. Though this is a common method, it may not be the most profitable method, and it is definitely the hardest method on the calf as it creates significant stress. Stress makes the calf more susceptible to health problems which place the calves in the high risk category for producers purchasing the animal and thus a lower price. A less common method is to wean calves for a short period and then market calves. This reduces marketing stress, but many calves fail to gain much weight during the weaning period. Additionally, they remain high risk cattle if they have not participated in a complete vaccination program.

Another common weaning method is commonly referred to as a VAC 45 program. A VAC 45 program generally provides vaccinations for respiratory and clostridial diseases while also introducing calves to a feed bunk and water trough during a 45 day weaning and preconditioning program. Calves participating in VAC 45 programs generally have a lower risk of morbidity (sickness) and mortality (death) than calves not participating in such programs. Thus, calves produced utilizing a VAC 45 program generally receive a higher price than calves that are considered high risk. Some producers take a VAC 45 program a step further and background calves for as much as 120 days. The backgrounding period provides a producer the opportunity to grow the calves to heavier weight prior to marketing.

The question now, which method of weaning and marketing is the most profitable and most suited for an operation? Some producers may also ask which method they can take the most pride in. Pride is subjective so it will not be discussed, but profits are objective and will be discussed.

Several aspects must be evaluated to determine which weaning and marketing method is appropriate this fall. The first aspect to be evaluated is if there is a marketing method available that will allow the producer to capture the added value of weaning and vaccinating calves. Such marketing methods may include a marketing alliance, weaned sale, or special feeder calf sale. The second aspect is the availability of resources to wean cattle such as a lot or pasture to wean calves, feed availability, and capital to purchase feed if needed. The third aspect is to determine if the value of weaning, vaccinating and growing calves is greater than the cost to do so. Within the third aspect is how long calves should be retained and to what weight should they be grown.

How does a producer determine if weaning and growing calves to heavier weights is the correct decision, and how heavy should they grow those animals? The answer to this question hinges largely on the value of gain (VOG) and cost of gain (COG). COG will vary widely from producer to producer while VOG will be similar across producers with similar average daily gains. VOG is related to market fundamentals and is evaluated using the current price and weight of an animal as well as the expected price and weight of an animal at a future marketing date. It is fairly easy to determine the current price and weight while the future price and weight are more difficult to determine. To help with an expected price determination producers can use the futures market price and Tennessee basis estimate tables found at <http://economics.ag.utk.edu/publications/livestock/2015/Basis2015.pdf>. To determine expected sale weight, the producer needs to have a good idea of how calves perform on the feed being used to grow the animal.

As of the middle of August, suppose a Tennessee producer is expecting to wean calves weighing 550 pounds on October 1 at \$215/cwt. Additionally suppose the producer will carry these calves for 60 days until December 1 to either 650 (sale price: \$195.5/cwt) or 700 (sale price: \$192.8/cwt) pounds. The value of gain using Tennessee basis values and futures market prices ranges from \$88/cwt to \$111/cwt depending on the average daily gain experienced. It is important to remember that COG is an important component of this evaluation. If the COG is expected to exceed the VOG then producers may want to evaluate other alternatives. A similar valuation can be utilized by stocker producers to determine the prospects of buying calves this fall.

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