Cow Country Reporter

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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

News from your CEO

The year 2017 is coming to a close and what a year it has been! I could fill up our four-page newsletter with events that had a major impact on our USA society and agriculture. Two major events that CPL was involved with last month was The Listening Tour with Governor John Bel Edwards and Commissioner Dr. Mike Strain and the CPL Information Seminar held at Austin Daniel's place in St. Francisville. Several Listening Tours were hosted across the state in a two-week time frame. I was at the one held in Slaughter, LA and addressed two concerns effecting the cattle industry in Louisiana. The first was the implementation of Electronic Logging Device (ELD) on all trucks. This basically says truckers have a limit of 11 hours of driving time in a 24-hour period. Drivers can be on duty a total of 14 hours consecutively, including the 11 hours of drive time. After 11 hours are reached drivers must rest and be off duty 10 consecutive hours. This rule will devastate our cattle industry and at the very least reduce the price paid for our cattle. The other concern CPL has is Mitigation Banks. People or companies who buy wetlands have to offset this purchase with other wetlands. In the last two years a huge amount of land has been purchased in Southwest LA and because it is now deemed "wetland" it cannot be grazed. CPL has presented a rationale to the Corp of Engineers that cattle grazing is good for this marsh land but to no avail. The Governor said he would address both these issues, which he has.

The CPL Information Seminar at Austin Daniel's was well attended (45 people). The main topic was Cull Cow Marketing and the value cull cows add to a beef cattle operation. Two auction market owners Frank Lopinto from Amite Livestock and Michael Dominique of Dominique Stockyards Baton Rouge and Opelousas were present to share their knowledge in marketing. We need to do more of these seminars throughout the state.

Marketing of cattle through our auction barns in Louisiana show an increase in numbers compared to 2016 and our prices started to increase in May and held on until year end.

I want to wish all our members and their families a very Merry Christmas and give thanks to God for all the blessings we have received.

Dave Foster, CEO

Who is the Stocker Cattle Industry?

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

Earlier in 2017, Oklahoma State University, in conjunction with USDA's Animal Plant Health Inspection Service (APHIS) and the National Agricultural Statistics Service (NASS), conducted a comprehensive survey of Oklahoma cattle producers. The primary objective of the survey was to identify stocker producers and how the stocker industry in Oklahoma operates. USDA-NASS conducted the survey on behalf of OSU. Completed surveys from nearly 1500 anonymous producers have been returned to OSU extension and research specialists. With survey data now recorded, initial results are becoming available.

Producers were asked to identify all cattle production activities in their operations. The list included several cow-calf activities (selling at weaning, retaining calves as stockers and retaining calves through the feedlot); and stocker/backgrounding production, including retaining stockers through the feedlot, as well as other production activities. Producers were asked to

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Who is the stocker cattle industry?

identify production activities that they use routinely as well as occasionally (at least once in the last five years).

Results indicate that Oklahoma cattle production is relatively complex. Although nearly half (49.1 percent) of producers indicated only one cattle production activity, the average across all producers was two production activities. Specifically, 24.7 percent of producers indicated just two production activities. Another 26.1 percent of producers reported three or more cattle production activities, including 15.1 percent reporting four or more production activities. Responses include routine practices as well as those identified as occasionally used by producers. Most producers surveyed have cow-calf production activities (91.1 percent). Relatively few producers (5.1 percent) indicated only stocker/backgrounding production though another 19.4 percent of producers indicated stocker production in addition to cow-calf production. This does not include the 37.9 percent of cow-calf producers retaining raised calves as stockers. When separate stocker/ backgrounding activities along with retained calves from cow-calf production are included, a total of 45.3 percent of producers are involved in some form of stocker production.

Many cow-calf producers do not consider themselves stocker producers as well. Survey participants were asked to choose one of the production activities that they felt best describes their operation. Of those producers who chose a label, 58.4 percent labeled themselves "Cow-calf, Sell calves at weaning". However, of those who picked that label, just 53.2 percent indicated that selling weaned calves was their sole routine cattle production activity. This means that many producers who consider themselves primarily as cow-calf producers (selling at weaning) are involved, at least occasionally, in other types of cattle production as well.

The stocker industry is difficult to define, understand, or even identify. A variety of cattle producers are involved in stocker production including specialized stocker producers; stocker production in conjunction with cow-calf; and retained stockers from cow-calf operations. The stocker industry plays a varied and flexible but critically important role in the cattle industry. This survey will provide insight into stocker production and management practices, including timing and duration of stocker production; health management; forage use; purchasing and marketing of stocker cattle; timing and distance of shipping; and biosecurity practices. Stay tuned as more detail emerges from the broad array of survey information.

New Zealand (that beef competes mostly in the "cow-beef" market and not as much with meats from fed steers and heifers).

Cull cow prices this fall are expected to decline compared to recent levels by average percentages. Forecasts are that fed cattle prices into the first few months of 2018 will strengthen, but remain below 2017's levels. Levels of beef imports and national dairy cow slaughter may be slightly higher year-over-year (due to lower milk prices received by producers) but are not forecast to be enough to take all the seasonal increase in cull cow price away. Cull prices into early 2018 are forecast to increase, but not reach the levels of early 2017. Cow-calf producers that are set-up to economically add some weight to cull cows and then sell in the first few months of 2018 instead of this fall at the seasonal price low, might want to put a pencil to that soon.

Cow-Calf Cost Breakdown- Labor and Equipment

By: Aaron Berger, Nebraska Extension Educator

An economic analysis of annual cow costs in Nebraska shows labor together with owning and operating equipment is often the second or third largest expense to the cowherd.

Labor is included with equipment expense because equipment and labor are often closely tied together. Historically the trend has been for labor to be replaced in agricultural operations with equipment. Equipment is directly connected to labor as the owner/operator or employees in a cow-calf enterprise are often using equipment to accomplish their work. If an employee is hired, they are frequently provided a pickup to drive, a four wheeler to ride etcetera.

Costs associated with owning and operating equipment should include depreciation, interest, repairs, taxes, and insurance. These sometimes are referred to as the DIRTI five. While depreciation is not something that the business owner gets an invoice for and writes a check to pay for, it is a loss of value that needs to be counted when calculating cost of production.

Equipment and labor costs are often identified as fixed costs or overhead costs. Labor is included in overhead costs because one person can care for a varying number of cows. On some ranches one person is caring for 100 cows and on another ranch a person is expected to care for 1,000 cows.

The following example can be helpful in understanding this concept. Let's say a rancher has 200 cows and his neighbor comes to him and offers to lease him the adjoining ranch and sell him 200 cows. The rancher agrees and buys the 200 cows and leases the ranch. The day the rancher buys the 200 additional cows, he probably isn't going to hire another fulltime person to help him care for those cows or buy another tractor, pickup, livestock trailer or four-wheeler. The equipment the rancher used to care for the original 200 cows is probably sufficient to care for the 400 cows that he now owns. The fixed costs or overhead costs related to his labor and equipment on a per cow unit basis are now half of what they were when he had 200 cows.

Labor and equipment expense can vary drastically between operations. Cow-calf enterprises that aggressively seek to control this expense through minimizing the use of expensive equipment and spreading

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Below is a letter that was drafted by the Louisiana Farm Bureau as a result of inquiries made by our very own CEO, Dave Foster during the recent listening sessions with Governor John Bel Edwards and LA Department of Agriculture and Forestry Commissioner. This letter was signed by the governor and has been sent to officials in Washington to convey our position as producers. This is just another example of how CPL is working for you and is staying on the cutting edge for our industry.

November 21, 2017

The Honorable Elaine Chao
Secretary, U.S. Department of Transportation
1200 New Jersey Avenue, S.E.
Washington, DC 20590

The Honorable Daphne Jefferson
Deputy Administrator
Federal Motor Carrier Safety Administration
1200 New Jersey Avenue, S.E. Suite 600
Washington, DC 20590

Dear Secretary Chao and Deputy Administrator Jefferson,

On behalf of Louisiana cattle producers, I respectfully request that you grant a waiver and limited exemption for livestock haulers from compliance with the December 18, 2017, implementation date for the Final Rule on Electronic Logging Devices (ELD) and Hours of Service (HOS) 80 Fed. Reg. 78292 (Dec. 16, 2015).

The FMCSA Final Rule on ELD's and HOS are not compatible with the realities of the cattle industry. In particular, the Agricultural Exemption in the FMCSA does not apply when hauling livestock beyond 150 miles from the source of the livestock. As a result, livestock haulers under the HOS rule can only be "on duty" for 14 hours and are limited to 11 hours of "active driving". Beyond the 150-mile radius, after 11 hours of driving, the livestock hauler must stop driving and park their livestock trailer for 10 hours before resuming travel. This means that a livestock trailer full of cattle could be forced to park in unacceptable weather conditions at a truck stop for 10 additional hours without food or water while the driver complies with the 10 hour "off duty" mandate. One size does not fit all. Forcing a trailer load of cattle to park in a hot parking lot for 10 hours is far different than parking a load of building supplies. Cattle are a perishable commodity.

Under the ELD mandate that goes into effect on December 18, 2017, the ELD device logs in when the truck starts and counts all time as HOS removing any flexibility in how the driver logs in their hours. Flexibility would help improve the welfare of the animals being transported. A solution to this concern would be to allow the FMCSA Agricultural Exemption to apply to hauling cattle from their source to their final destination point and allow the movement of cattle without HOS delays. The mandate in question limits the ability to move cattle quickly and efficiently, adversely effects the welfare of the animals, and limits marketing opportunities for producers.

Thank you for your consideration and assistance in understanding and finding a workable solution regarding this matter.

Sincerely,
Governor

Senators seek delay of electronic logging for livestock haulers

By: Susan Kelly, MeatingPlace

U.S. Senators Jerry Moran (R-Kan.) and Heidi Heitkamp (D-N.D.) led a bipartisan group of lawmakers calling for delayed implementation of electronic logging devices (ELDs) for trucks transporting livestock.

The senators this week send a letter to Senate leadership supporting a provision in the U.S. House-passed appropriations bill that would delay implementation of ELDs and give the Federal Motor Carrier Safety Association (FMCSA) time to make adjustments to hours of service rules to address animal welfare concerns.

"Long distance transportation is often the most stressful event in a livestock animal's life and it is impractical and inhumane to stop, offload multiples times, or significantly delay delivery of these animals," the senators wrote. "The pending mandate will have negative consequences on livestock haulers and hinder the ability of this unique subset of the industry to humanely deliver healthy livestock."

FMCSA last month granted a 90-day waiver from compliance for vehicles transporting agricultural commodities but did not provide any assurance of relief beyond the 90-day period, the senators noted.

Cow-Calf Cost Breakdown- Labor and Equipment

labor and equipment costs over large numbers of cows tend to have a competitive advantage. Evaluating labor and equipment expenses on a per cow unit basis and thinking creatively about ways to hold or reduce costs in this area can help cow-calf producers improve profitability.

To listen to BeefWatch podcasts go to: https://itunes.apple.com/us/podcast/unl-beefwatch/id964198047 or paste http://feeds.feedburner.com/unlbeefwatch into your podcast app.

Source: University of Nebraska-Lincoln

Cowherd reproduction trends show no change

According to North Dakota's CHAPS program, reproduction rates in the state haven't changed over the past 15 years. But that's not a bad thing. Here's why.

By: Nevil Speer

What is the CHAPS program, you ask? The Extension team at North Dakota State University State explains that, "Beef producers and Extension professionals have been using the Cow Herd Appraisal Performance Software (CHAPS) for more than 30 years to establish beef production benchmarks to help beef producers and Extension professionals set and achieve their management goals. Each year, the CHAPS team at the NDSU Dickinson Research Extension Center provides the beef industry with five-year benchmarks. We present historical CHAPS benchmarks (2003-2017)."

With that in mind, this week's illustration highlights five-year benchmark trends for cowherd reproduction measures in the CHAPS data during the past 15 years (pregnancy rate, calving rate, weaning rate). If you're looking for something dramatic, you'll be disappointed. In fact, the trend is flat to just slightly improved.

But that's not disappointing. In fact, to the contrary, it's a testament

to North Dakota's beef producers. CHAPS participants have proven their ability to achieve and maintain high levels of reproductive performance in the cowherd over time. The summary report notes that, "...consistency of the benchmarks [including other measures] is a hallmark of the beef business and that improvements are likely due to improvements in management and genetics."None of this is surprising. Similar trends are reported by the Kansas Farm Management Association. That is, cowherd trends in terms of performance are surprisingly consistent over time. For more on this see: Cowherd Trends are Locked and Loaded.

In both cases, the data is likely reflective of what's occurring across the rest of the country. Perhaps even more important, we've also witnessed the cowherd making an important contribution to the overall improvement in beef quality (without sacrificing production) – thereby shoring up beef demand and pricing power over time.

How do you perceive these trends? Are they in line with your operation? Are they consistent with your perception of what's occurring in the cow/calf sector? Do you foresee any of these trends changing in the coming years? Leave your thoughts in the comments section below.

Nevil Speer is based in Bowling Green, Ky., and serves as vice president of U.S. operations for AgriClear, Inc. – a wholly-owned subsidiary of TMX Group Limited. The views and opinions of the author expressed herein do not necessarily state or reflect those of the TMX Group Limited and Natural Gas Exchange Inc.

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