Cow Country Reporter

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News from your CEO

I hope that your July 4th was eventful and that you paused to reflect on what a great country we live in.

I want to share with you some of the 2019 U.S. beef statistics. The top 5 states with beef cattle are Texas, Oklahoma, Missouri, Nebraska and South Dakota. Louisiana ranks 24th in beef cow numbers (35th all cattle and calves) with 13,449 cattle operations and an average operation size of 59 head. Our main gifts are year-round forages and available water. We need more meetings to share information on the use of cover crops and how they impact our bottom line, also, how they improve soil heath. I was expecting a "little" uptick in the feeder market in June and July but the corn issue has taken that opportunity away, however, I believe that this month of July will be the month to get a feeling for the calf market for Aug, Sept so check with your marketing agent. The new varieties of corn coupled with plenty of moisture could change a "poor" corn crop to above average by harvest time. Demand will remain good for graze-out calves. Hopefully all the rain in early May and June will equate to adequate hay production. Let's schedule some information meetings!

Dave Foster, CEO

Breeding Beef Cows Back after a Tough Winter

By: Dean Kreager, Ohio State University Extension AgNR Educator, Licking County (originally published in the Ohio Farmer on-line)

How do you avoid getting stuck in a rut? Take a different path. There was a real shortage of high quality or even medium quality hay made last year. Forage analysis results that I reviewed last fall were all lower quality than expected. As a result, many cowherds were much thinner at the beginning of the spring calving season this year. The problem with having thin cows at calving time is that they are likely to be even thinner at breeding time.

When a cow eats, her use of nutrients is prioritized. First is maintenance for survival, followed by lactation and growth, which includes weight gain, and finally, reproduction. While reproduction is the number one priority trait for profitability, it is not at the top of the list when the body of the cow is deciding how to use its nutrient resources.

Years of research have established that thin cows are often difficult to get bred. Results often show around a 30% decrease in the number of cows displaying estrus by 60 days post-calving on a cow with a body condition score at calving of 4 vs 6. Similar results are seen when comparing pregnancy rates within a 90 day window of calving. These thinner cows also produce calves with lower weaning weights.

Early weaning has often been suggested during drought years but can also have a place when managing thin cows. The energy that is required for lactation is high enough to keep many cows in a negative energy balance while nursing a calf. Removing the calf from the cow will stop lactation and allow the cow to begin to use energy toward reproduction. Weaning times of 45-60 days allow cows to begin a positive energy balance and start cycling earlier.

If you are past the time where a 45 to 60 weaning is possible, consider weaning calves at 3-5 months of age instead of 7 months. While you will not get the immediate reproductive benefits, this still provides the cows with an extra opportunity to gain a body condition score or two so they will be better prepared for next winter. A 5 to 7 body condition score at the beginning of the calving season will increase the likelihood of cycling early and getting pregnant early in her next season. Having a calf early in the breeding season is one of the most important determinates of profitability.

Extra management, resources and facilities are needed when early

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weaning calves but there are also some benefits in addition to the improved reproductive performance of the dams. Early weaned calves can be very efficient at growing. Their feed conversion can be in the neighborhood of 1 pound of gain from 5 pounds of feed. This efficiency is a big part of why young calves are worth more per pound. Early weaning calves started on a good nutrition and health program can provide increased value of the calves when sold.

The importance of pregnancy checking is even higher in herds with thin cows that may remain anestrus for extended periods. Lack of signs of estrus is no guarantee that a cow was pregnant when the bull was removed. If the bull remained with the cows for extended periods, do you know when the breeding occurred? The cost of pregnancy checking 20 cows is likely less than the cost of feeding one open cow through the winter.

There are three commonly used methods for pregnancy checking cows. They are rectal palpation, ultrasonography, and blood testing. While the first two depend on the skill of the technician, all three are highly accurate. Ultrasonography and blood testing can be performed around 28 days while rectal palpation is usually after 35 days. There are advantages and disadvantages of each method. Ultrasonography and rectal palpation typically require a farm visit from a veterinarian but are capable of staging the age of the fetus. Blood testing is inexpensive and can be completed by most producers but does not provide the age of the fetus. Finding the open cows or the ones that did not breed back within the desired calving season will allow you to remove them from your herd early to conserve feed resources for the rest of the herd.

Maybe this is the year to look at a different management approach. Don't get stuck in a rut.

Missouri Beef Researchers Focus on Heifer Fertility and Estrus Cycles

By: Sara Brown

While the beef industry has worked together to come up with a standard protocol for fixed-time AI in cows and heifers, that's not where researchers have stopped. They continue to look for additional information to improve beef production.

One of the things University of Missouri researchers discovered as they looked at heifer development is the importance of identifying the fertility response of heifers before breeding, said University of Missouri researcher David Patterson during a recent webinar from the National Cattlemen's Beef Association.

We want to "really work toward developing the concept that in order to obtain success with AI programs and heifers. It's probably a good idea to determine how many of your heifers are cycling and are they fed back, ready to synchronize," Patterson said. "With our program in Missouri, all heifers are required to go through a pre-weaning exam that's referred to as a reproductive tract score. It is a direct assessment of reproductive development."

Heifers are ultrasounded or palpated transrectally to be assigned a score of 1 to 5. A score of 1 or 2 would indicate a pre-pubertal heifer that is more than 30 days from reaching puberty, with 5 being the heifer is in the luteal phase (somewhere between day 6 and 16) of a heat cycle.

Fast-forward to about 8:00 to hear Patterson's comments.

Timing of these exams are critical—they should be performed four to six weeks before breeding. Synchronization should start only when more than half of the heifers have RTS of 4 or 5, he added.

"One of the things that I think is interesting about the timing of these ... is that they very effectively coincide with the start of one of the long-term progestin-based protocols," Patterson said.

In many cases prebreeding booster vaccinations are administered at the time reproductive evaluations are performed and track scores are assigned, setting up the synchronization protocol timeframe.

"Our veterinary practitioners across the state are getting much more involved with pre-breeding evaluations or reproductive management in general," he said. "So when the pre-breeding exams are performed, basically it's one-stop shop."

Would creep feeding pay this year?

Lightweight calves keep showing positive value of gain, but cost of gain could offset it or the markets could change.

It is the time of year some may consider feeding creep. So I'm going to take a quick look at this practice.

Keep in mind that it is your operation, and therefore you must know your cattle and your numbers before making a management decision.

All I know is what the market is telling me right now. No one can forecast the future. To try and do so is gambling, commonly called "betting on the come." As I look at market prices paid for cattle this week, the value of gain remains highest among cattle are weighing under 600 pounds. Creep feeding these lighter-weight calves may pay off since the value of gain offsets the price of the creep. When I priced some creep feed this week I was shocked at how expensive it was. When I ran the numbers on it the math told me that one could pick up an extra $20 per head on the lightweights.

The rub is when the cattle begin to weigh over 600 pounds the added expense could end up pushing a producer $60 per head into the red. There is a very fine tipping point between picking up a few dollars and giving your feed away. You must know what the calves weigh, and I'll caution you that you can't guess it that close to avoid the tipping point.

If you are in the business of selling cattle it's your job to know these two things:

1. What your costs are
2. How the markets work

I see misleading math in bull-sale catalogs and feed-salesman pitches all the time. They tell you a feeder calf is worth, let's say $1.50 per pound. And if you feed this creep to your calves and they gain this many extra pounds multiplied by a $1.50 you will make this much extra cash. First off they don't back out the expense of the

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Would creep feeding pay this year?

feed and second they don't calculate the heavier weight using the price slide. The other thing to consider, and that no one will tell you, is the discount you may be faced with. Calves that come off good-milking mommas and that had creep may end up in a greasy condition. A buyer's first thought will be that he's going to buy weight that will melt off during the weaning process, and therefore he will discount them. That discount could erode away any profit potential you may have had. So know what your cattle weigh, what your costs are and keep a close eye on the value of gain.

It's hard to believe with all the rain that anyone could be short on grass. The thing is, the weather has not been favorable to grass growth and as a result we continue to see an unseasonable run of pairs and bred cows. If the cow is 8 years old or younger the pair sells well. Some young pairs this week brought over $1,900.

Bred cows are a right-place-right-time scenario. At one auction fall-bred cows were just over weigh-up price. The next day at an auction just down the road they brought $400 a head more than weigh-up price.

I already mentioned that the highest value of gain was in cattle weighing under 600 pounds. Looking at market reports from all over the country at cattle weighing over 600 pounds, it is easy to find a lighter one that brought more dollars per head than a heavier one. This is one of two things: a form of paying someone to take your feed, or a good buying opportunity. It all depends on which side of the transaction you are on.

Unweaned cattle were $5-$10 back. Thin-fleshed cattle fetched a $5-$10 premium. Feeder bulls were $5-$20 back. Fleshy cattle were $10 back, so if you decide to creep feed, be sure to keep an eye on their body condition.

Does mandatory animal ID miss the mark?

The debate over whether or not we need mandatory animal ID in the beef business has gone far too long. It's time to decide.

By: Burt Rutherford

I received a very thought-provoking email from a reader in Wisconsin this week regarding animal identification. You may be weary of reading about that topic in this space, but it's an important issue that, as a business, we must come to grips with.

"Supporters of animal ID seem to believe that disease originates from one source, and if cattle from that source are treated or eliminated, there will be no disease. But disease spreads by many methods - most of which are not because of human actions," says Dave Kuhle.

"My experience with pseudo-rabies in hogs in the 1970s showed that all the efforts of the USDA, which spent millions of dollars by quarantining, vaccinating, and re-populating, were completely wrong. USDA never stopped, or even controlled, the spread of the disease. There never was a single cause of contagion, but spread by contact, by rodents and fleas and through the air. Producers of infected herds either liquidated or suffered losses until the disease subsided. Pseudo-rabies is still present in the environment, and the disease will eventually mutate and re-occur. The same is true of African swine fever."

Kuhle says producers who want to stay in business use best practices to control disease. By this, I presume he means a strong biosecurity program, among other things.

"But we do not live in a disease-free world. There is no cure for many diseases, and certainly no way to stop the spread of every disease. I believe those who support mandatory ID have unrealistic expectations about control, and their efforts would be better directed toward educating the public about the reality of nature."

Would beef producers be better off by being encouraged to implement a viable biosecurity program rather than kicking the can of mandatory animal ID down the road? It's a good question.

Here are my thoughts, for whatever they're worth. First, how about both? Let's continue to work toward a viable animal disease traceability program while encouraging beef producers to protect themselves with biosecurity.

Do we need a mandatory animal ID program?

Yes, we need a mandatory animal ID program, if we are serious about dealing with a disease outbreak. But that's not really the most important question.

First, we must collectively decide if we want a mandatory animal ID program. That's been the crux of the often-emotional debate. BEEF readers fall on both sides of that question, but it's the question we absolutely must answer.

Do our current efforts regarding animal ID and disease traceability miss the mark, as Kuhle suggests? I don't know. Many years ago, in the aftermath of the foot-and-mouth outbreak in England, I was fortunate to participate in a number of exercises designed to form a coordinated approach to how the beef business would deal with an outbreak here.

Those exercises assumed a single source of infection. How quickly it could spread was startling. But is a single-source beginning of a disease outbreak the general assumption now? Again, I don't know. But in the case of a bioterrorism attack, I think we can assume that a disease agent will be introduced in multiple locations.

The debate over mandatory animal ID has gone on far too long. We must decide.

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How futures work: Position changes over time

It always takes two to tango. That's especially true in the futures markets. Our introductory class on the futures markets continues with position changes.

By: Nevil Speer

Throughout June, this column has been highlighting the essential fundamentals surrounding futures markets. That included a look at how to use both futures and options contracts for price risk management, primarily from the cattle feeding perspective, simply for example's sake. And last week's discussion highlighted the breakdown of positions among the various classes of market participants.

This week's graph comes at the relative positions from a different perspective: It details the change in net positions (commercial versus non-commercial or hedger vs. speculator) for CME's live cattle futures contracts over time. The net position is simply the sum of the short and long positions for each category of traders, commercial and non-commercial, respectively.

As a quick review, some basic definitions are helpful to better understand the graph:

Long: An initial buy position (obligation to accept delivery)

Short: An initial sell position (obligation to make delivery)

Speculator: Entity assuming pride to potentially profit from price change (non-commercial)

Hedger: Entity using futures/options market to manage price risk (commercial)

To that end, futures market theory works as follows: Speculators act as insurance providers, enabling hedgers to get price protection. The speculator (non-commercial) takes a long futures position with expectation that price in the future will rise.

The hedger on the other side wants to avoid downside price risk —he/she buys insurance from, and transfers risk to, the speculator. That happens by selling a contract at some given price below the "expected" price of the commodity in the future. Otherwise the hedger cannot induce the speculator to assume a long position – the discount being what the hedger pays the speculator for assuming risk.

As the graph details, those principles play out well for the live cattle contract. In fact, that's been especially prevalent this past spring. In late April, the non-commercials (speculators) established a new record, being net long in excess of 165,000 contracts.

Meanwhile, the commercial (hedger) position was also a record; hedgers were net short by nearly 131,000 contracts. In other words, the hedgers were busy laying risk off to the speculators. That's since moderated, but the net positions remain well in line with the general principles outlined above.

Last, there's often lots of discussion around speculators coming in and out of the market and their relative influence on prices. That is, conventional wisdom often portrays speculators as driving the market higher if they're buying contracts. If they're selling, futures markets must be declining.

However, as noted last week, it's important to remember there's no limit to the number of contracts that can be traded – as such, more money doesn't necessarily mean higher prices because futures contracts have no scarcity. Contracts are only established when a buyer can find a seller at a given price. Simultaneously, sellers can only unwind a position (leave the market) if/when participants on the other side allow them to do so. Hence, it always takes two to tango!

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