

Cow Country Reporter



March 2024 Volume 16 Issue 3

News from your CEO

In This Issue

News from your CEO

The Growing Role of the U.S.
Feedlot Industry

The Value of Calving Distribution

Smokehouse Creek Fire becomes
largest in Texas history

Programs demonstrate U.S.
beef's versatility for China's
foodservice sector

Profit Tracker: Feeding Margins
In Black, Packer Margins Remain
Red



Cattle Producers Of Louisiana
P.O. Box 886
Prairieville, Louisiana 70769
Website: www.lacattle.org

Dave Foster
Chief Executive Officer
info@lacattle.org

Spring has sprung! Farmers started planting corn in Northeast Louisiana the last week of February. Daylight Savings time starts March 10 and the first day of Spring is March 19. The season of Lent ends at the end of this month, so we can go back to eating meat on a regular basis. Our forages have started to produce and hay feeding can slow down and hopefully come to an end. Keep those Spring and Fall-born calves alive and growing because calf prices are moving higher. Our Louisiana calves will

fit nicely for grazing in the Flint Hills of Kansas and ryegrass yearlings will be in good demand come April and May. Make sure you keep up to date on the cattle market so you don't miss an opportunity to make \$300.00 to \$400.00 per head more than you did last year. Superior Livestock has their annual Louisiana sale on April 18 and 19 in Natchitoches. Enjoy this Spring season and have a Holy and Happy Easter!

Dave Foster, CEO

THE GROWING ROLE OF THE U.S. FEEDLOT INDUSTRY

By: Derrell Peel - Oklahoma State University Extension Livestock Marketing Specialist

The latest Cattle on Feed report pegged the February 1 feedlot inventory at 11.8 million head, just fractionally above year ago levels. Feedlot inventories are declining after rising above year-earlier levels last October. Feedlot placements in January were 92.5 percent of last year, above the pre-report average estimate but within the range of estimates by some analysts. Some analysts were expecting a larger negative impact on placements from the winter storms in January. January marketings were even with one year ago.

The February Cattle on Feed report also includes a summary of 2023 final feedlot numbers and feedlot industry structure. Total feedlot capacity was reported at 17.1 million head, up from 16.5 million head in 2000. Feedlot capacity as a percent of total cattle inventories has increased over the past 25 years to a record level of 19.6 percent in 2024 (Figure 1). On average feedlot inventories have averaged about 83 percent of total feedlot capacity over the past 25 years. Feedlot capacity utilization is lower during cyclical expansions and higher during liquidation periods. For example, during herd expansion from 2014-2017, average feedlot inventories were 76.3 percent of capacity, while during herd liquidation from 2020-2024, January feedlot inventories were an average of 84.8 percent of total feedlot capacity.

The total U.S. feedlot inventory on January 1, 2024 was 14.42 million head. The feedlot inventory as a percent of the total inventory of cattle in the country has continued to increase over time. The total feedlot inventory was a record level of 16.5 percent of the inventory of all cattle and calves on January 1, 2024. This level compares to 14.3 percent 25 years ago.

The total U.S. feedlot inventory on January 1 of 14.42 million head was 120.9 percent of the January monthly cattle on feed inventory of 11.93 million head. Monthly cattle on feed surveys cover only feedlots with a one-time capacity of 1000 head or more. In the past 25 years, the total January on-feed total has averaged 122.7 percent of the monthly on-feed total. Stated another way, monthly feedlot inventory totals on average represent 81-82 percent of the total cattle on feed in the country. This relationship has not changed in the past 25 years and has varied from a low of 80 percent to a high of 82.7 percent.

The January 1 estimate of feeder supplies outside of feedlots was 24.2 million head, down 4.2 percent year over year and the lowest total in data available back to 1972. The current feedlot inventory is a record 59.6 percent of feeder supplies. Stated another way, this means that there are just 1.68 head of feeder cattle for every head of cattle currently in feedlots.

(continued on page 2)

THE GROWING ROLE OF THE U.S. FEEDLOT INDUSTRY

The current feedlot turnover rate is about 1.93, which means that there are not sufficient feeder cattle to maintain feedlot inventories in the coming year. Feedlot inventories will inevitably decrease in the coming months.

Derrell Peel, OSU Extension livestock marketing specialist, discusses the cattle markets on SunUpTV from February 24, 2024. <https://www.youtube.com/watch?v=WzvBWts77e0>

THE VALUE OF CALVING DISTRIBUTION

By: Scott Clawson, OSU Cooperative Extension NE Area Agriculture Economics Specialist

Commercial cow-calf producers can face an overwhelming number of records, data, and ratios that promise to boost the bottom line. Hidden in these options is one simple measure that can provide useful information about the cowherd's performance that we can start tracking today. That measure is our calving distribution. Calving distribution is simply tracking when our calves are born within our calving season.

This measure is useful in three areas.

1. There is a litany of research that emphasizes the improved individual animal performance of calves born early in the calving season. Better weaning weights, stronger feedlot/carcass performance, and improved reproductive efficiency of retained heifers are all well documented research.
2. It helps us identify which females are excelling within our environment and management by settling early in the breeding season.
3. It can help us identify which cows are making the largest annual profit contribution to the ranch. It is common to discuss annual cow cost or cost per cow. This is a bit misleading in the sense that we manage the herd not the individual. As a result, the cows all share an equal part of the annual cost. The cows that calve early in the season will bring in more revenue (via older and generally heavier calves) than the late calving cows that share the same portion of the cost.

The collection of information to do this is simple. Start by tracking the dates that calves are born and split your calving season into segments. The by the book method is to use 21-day increments. Take the number of calves born in that segment and divide it by the total calves born. The answer will provide the percentage of calves born in that period. The target is to get as many cows calving in the initial 21-days as feasibly possible.

While making progress can be slow, diagnosing our current distribution and finding cost effective ways to front load our calving season can have significant financial benefits. In the commercial cow-calf setting, calving distribution is a go-to production measure for its ease and the information it provides. It highlights that while she needs to have a calf every year, that calf needs to hit the ground earlier rather than later.

If you were forwarded this email and want to get it delivered straight to your email inbox, email Paul Beck (paul.beck@okstate.edu) or Derrell Peel (derrell.peel@okstate.edu) to be added to our email list.

Oklahoma State University, in compliance with Title VI and VII of the Civil Rights Act of 1964, Executive Order 11246 as amended, Title IX of the Education Amendments of 1972, Americans with Disabilities Act of 1990, and other federal laws and regulations, does not discriminate on the basis of race, color, national origin, sex, age, religion, disability, or status as a veteran in any of its policies, practices or procedures. This includes but is not limited to admissions, employment, financial aid, and educational services. References within this publication to any specific commercial product, process, or service by trade name, trademark, service mark, manufacturer, or otherwise does not constitute or imply endorsement by Oklahoma Cooperative Extension Service.

SMOKEHOUSE CREEK FIRE BECOMES LARGEST IN TEXAS HISTORY

Over 85% of Texas cattle population located in Panhandle.

The Texas A&M Forest Service reported Thursday morning that the Smokehouse Creek Fire has now burned 1.075 million acres and is only 3% contained, making it the largest wildfire in Texas history. Several other fires continue to burn in the Panhandle, including the Windy Deuce Fire, which has now burned 147,000 and is only 30% contained.

Texas Agriculture Commissioner Sid Miller said Wednesday that farmers and ranchers are losing everything in the fires and that several grain and seed operations have also reported total losses.

"These fires not only threaten lives and property but will also have a substantial impact on our agriculture industry. Over 85% of the state's cattle population is located on ranches in the Panhandle. There are millions of cattle out there, with some towns comprising more cattle than people. The losses could be catastrophic for those counties," Miller said.

In a Thursday morning social media post, Texas A&M AgriLife Extension Service in Hemphill County reported "massive losses of ranch land (over 400,000 acres in Hemphill County alone), scores of homes destroyed, literally thousands of cattle lost and much more than can be described."

As Texas Gov. Greg Abbott declares a disaster in 60 counties, the Texas Department of Agriculture's State of Texas Agriculture Relief Fund (STAR Fund), is calling for donations to assist Texas Panhandle farmers and ranchers. The STAR Fund mobilizes resources to support affected agricultural producers.

Funded 100% through donations, TDA reimburses qualified agricultural producers 50% of eligible expenses. STAR Fund financial resources cannot be used as compensation for crop or livestock losses but rather to help rebuild fences, restore operations, and cover other expenses related to agricultural disaster relief and restarting operations.

"Donations will go a long way toward rebuilding the Panhandle," Commissioner Miller added. "We stand in solidarity with our farmers and ranchers facing loss and destruction. Our thoughts and prayers are with them during this challenging time, and we're committed to supporting their recovery efforts every step of the way."

If you are in emergency need of hay to feed livestock please visit TDA's Hay Hotline here.

To donate or for more information on the STAR Fund please follow this link.

The Texas A&M AgriLife Extension Service said Thursday that donations of hay, feed, fencing supplies, cow

(continued on page 3)

SMOKEHOUSE CREEK FIRE BECOMES LARGEST IN TEXAS HISTORY

feed and milk replacer are needed to support livestock owners are needed for those affected. It is establishing Animal Supply Points in several locations in the region to accept the donations. The purpose of the Animal Supply Point is to meet area producers' most critical needs such as providing feed for cattle while they assess their individual operation's other needs. A list locations can be found here.

Meanwhile, Texas & Southwestern Cattle Raisers Association (TSCRA) is urging donors to give to the TSCRA Disaster Relief Fund to aid victims of the ongoing natural disasters.

"A fire is one of the most tragic events that can impact ranches, and a natural disaster such as the widespread wildfires in Texas and Oklahoma can result in financial hardships and deep impacts to our ranching communities," said TSCRA President Arthur Uhl. "Texas & Southwestern Cattle Raisers Association is here to help through means of financial assistance and we're encouraging those who can to donate to the TSCRA Disaster Relief Fund."

For more information, including how to donate and how to apply for funding visit tscra.org/disaster-relief-fund/ or contact TSCRA at 800-242-7820. Additional resources for victims impacted by these wildfires are also available tscra.org/disaster-relief-fund/.

Oklahoma wildfires still burning

Crews in neighboring Oklahoma also continue to battle several active wildfires. In a Feb. 28 update, the Oklahoma Forestry Service reported that the Catesby Fire in Ellis County has burned 90,570 acres and is 18% contained. The Slapout Fire in Beaver County has burned 26,048 acres and is only 22% contained.

PROGRAMS DEMONSTRATE U.S. BEEF'S VERSATILITY FOR CHINA'S FOODSERVICE SECTOR

USMEF accelerating efforts to expand U.S. beef utilization in targeted restaurant segments and markets in China.

U.S. Meat Export Federation

Clinton Zhu, founder of FAN Culinary Education, conducts cutting and yield demonstrations for U.S. beef chuck roll and tri-tip as part of a butcher certification program in China. USMEF

With China projected to be the global leader in foodservice growth through at least 2026, the U.S. Meat Export Federation (USMEF) is accelerating efforts to expand U.S. beef utilization in targeted restaurant segments and markets in China. With funding support provided by the Beef Checkoff Program and USDA's Market Access Program, promotional campaigns for U.S. beef took place in December and January at multiple outlets of several restaurant chains in Shanghai and five cities in South China. The winter campaigns promoted the superior attributes of grain-fed U.S. beef to consumers while introducing alternative cuts to restaurant chains.

One targeted growth segment is hot pot restaurants, where USMEF is promoting the utilization of several U.S. beef cuts. Major highlights of the winter campaign included promotions with a restaurant group in Shanghai at the flagship outlets of its two hot pot chains. One chain, Shabu Shabu, launched new hot pot dishes featuring U.S. beef loin tail. The other chain, Cou Cou, launched new dishes featuring chuck roll and short plate. Both promotions were successful and eventually expanded into a nationwide campaign at 900 outlets.

"Restaurant chains are looking for high-quality ingredients and new ideas to differentiate their menus," says Polly Zhao, USMEF's China marketing director. "Through these promotions, we work to demonstrate how U.S. beef can help meet these needs."

USMEF supported the winter campaign promotions with social media through influencers and incentives for restaurant patrons to post visual content related to their meals.

USMEF also recently partnered with a respected culinary center to provide hands-on training and promote underutilized beef cuts to butchers who work in China's foodservice sector, as well as those in retail and processing. These meat cutters are now certified as U.S. red meat butchers thanks to a series of training programs developed and implemented by USMEF with FAN Culinary Education in Shanghai. FAN is endorsed by the World Association of Chefs Societies and its founder, Clinton Zhu, is a celebrity chef with more than 20 years of experience with the red meat industry.

Participants learned about the U.S. industry's production and sustainability practices and how they contribute to the superior flavor profile of U.S. beef. Zhu led each of the four training sessions, which focused on two U.S. beef cuts – chuck roll and tri-tip.

Zhu led hands-on cutting demonstrations while providing explanations of current and potential applications in popular dishes in China. In discussing the chuck roll, for example, which is typically used in hot pot meals, Zhu promoted its usage in thinly sliced dishes in the Japanese and Korean barbecue categories. For the tri-tip, Zhu described American barbecue culture and introduced slow-cooked dishes in which the distinctive flavor and texture of the tri-tip are enhanced.

Zhao adds that USMEF plans to expand the butcher certification program into additional cities in China in 2024, including Beijing and Guangzhou. The program is funded in part by the Beef Checkoff Program and USDA's Market Access Program.

Last year U.S. beef shipments to China were below the record totals of 2022, but chilled beef exports – which command a significant premium in Asian markets – trended higher. Chilled beef exports to China totaled 18,200 metric tons in 2023, a year-over-year increase of 11%. Zhao notes that during the COVID-19 pandemic, China imposed complicated inspection procedures and processes that slowed clearance of imported cold chain products and added layers of uncertainty for importers purchasing chilled beef. But those obstacles are now in the past.

"All those restrictions have now been lifted and import procedures have returned to normal," Zhao explains. "So we see expanded opportunities for U.S. chilled beef in China and look forward to building loyalty among buyers and consumers for high-quality chilled beef cuts."

PROFIT TRACKER: FEEDING MARGINS IN BLACK, PACKER MARGINS REMAIN RED

By: Greg Henderson

A \$3 really in cash cattle prices lifted average cattle feeding margins into the black at \$14 per head profits the week ending Feb. 24. That's near a \$100 per head improvement over one month ago. Beef packers also saw their margins improve \$100 per head, though last week's average remained \$74 in the hole, according to the Sterling Beef Profit Tracker.

Cash cattle averaged \$183.14 per cwt. the week ending Feb. 24, while wholesale beef prices posted gains to close at \$296.61 per cwt. The Beef and Pork Profit Trackers are calculated by Sterling Marketing, Vale, Ore.

Cattle sold last week carried a total feed cost of \$371 per head, down about \$12 per head from the previous week, and about \$217 less than feed costs for cattle sold the same week a year ago.

Cattle marketed last week had a breakeven of \$182.13 per cwt., while cattle placed on feed last week have a breakeven of \$174.11 per cwt., which is about \$8 per cwt. higher than a month ago. Cattle placed last week are calculated to have a purchase price for 750-800 lb. feeder steers at \$244.60 per cwt., or \$16 per cwt. more than a month ago. The feeder steer price is 26% higher than last year.

The estimated total cost for finishing a steer last week was \$2,549 per head, up 17% from last year's estimate of \$2,126 per head.

Fed cattle slaughter totaled an estimated 462,540, down 13,676 head from the same week last year. Packing plant capacity utilization was estimated at 79.0% compared to 81.3% last year.



Spring will come and so will happiness.

Hold on.

Life will get warmer.

- Anne Krizzan



CATTLE PRODUCERS OF LOUISIANA
P.O. BOX 886
PRAIRIEVILLE, LOUISIANA 70769
WEBSITE: WWW.LACATTLE.ORG