Cow Country Reporter

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News from your CEO

ATTENTION! CPL has new contact information. Our email is now fostercrib2@gmail.com and new phone # is 225-335-3345. If you don't get an answer on the phone, PLEASE leave a voice message.

A lot is happening in November 2024. Nov. 3, we set clocks back one hour, Nov. 5 is Election Day, Nov. 11 Veteran's Day and Nov. 28 Thanksgiving Day.

October 2024 was probably the driest month in Louisiana, depending how much rain we got on Halloween.

Cattle numbers at our local sale barns stayed high as dryer weather forced some producers to reduce their inventory. Hopefully those producers who planted ryegrass got enough rain on Halloween and Nov. 1 to establish some growth. Cattle prices continued higher than a year ago and still no indication of heifer retention. Although dry, we enjoyed some pretty weather in late October and farmers were able to complete harvest of their row crops. Sugarcane farmers made great strides in harvesting their crop.

I pray that our wonderful country will heal, come together and once again be the shining light of this world! May this month be one of reflection, planning and efforts made to rebuild a broken system of government.

Dave Foster, CEO

Estimate Hay Needs For Cattle Herd Now

By: Mark Z. Johnson

Here are some basic rules of thumb to follow when determining the hay supplies you will need to sustain your cow herd over the next few months.

1. **Determine your average mature cow size.** This can be done by weighing your 4 – 7 year old cows and calculating the average weight. From mature cow size, we can approximate the amount of forage dry matter cows will need to consume per year or per day. For example: a 1,000 pound cow will consume about 26 pounds of forage dry matter per day. A 1,400 pound cow will consume about 36.4 pounds of forage dry matter per day.
2. **Determine your cow inventory**
3. **Estimate the amount of time you expect to be feeding cows.**

From this information you can calculate the total amount of hay needed. For example: 100 cows weighing 1,400 pounds will consume about 3,640 pounds of hay per day. We should take into account that a certain amount of the hay fed will be wasted and there will be a certain amount of spoilage of each bale fed that won't be consumed. With this in mind we will add another 10% to the daily total to bump it up to about 4000 pounds (2 tons) per day.

Remember the amount of hay wasted or spoiled could be higher. If we are feeding hay from last year expect a higher percentage spoiled in each bale.

If we are expecting to feed hay from mid-October to mid-May, that is approximately 200 days of hay feeding. 4,000 pounds of hay needed per day x 200 days equals a total of 800,000 pounds (400 ton) of forage dry matter that cows will consume over this time. If we are feeding or buying large rounds with an average weight of 1,250 pounds that equates to 640 (800,000 divided by 1,250) big bales needed to sustain the 100 cows.

If possible, purchase hay by the ton. It leads to less error in securing the amount of hay you will need to purchase or have on inventory. If buying hay by the bale is your only option, make sure to weigh enough of the bales to have an accurate representation of bale weight. Also, take into account the amount of spoilage of each bale. One of the upsides of hay baled this summer (and the drought we are dealing with now) is less spoilage of warm season grass hay baled in the summer of 2024.

Other factors such as weather, stage of gestation or lactating versus dry cows will obviously impact nutritional requirements of cows from day to day. Provide hay and other nutritional supplementation accordingly.

Are Farmland Prices Really Falling? A Piece of CRP Ground Just Sold for $17,000 Per Acre in Iowa

By: Tyne Morgan

2024 could go down as the worst financial year for farmers since 2007, and more than half of the ag economists surveyed in the Ag Economists' Monthly Monitor think agriculture is already in a recession. But don't tell the Iowa and Missouri land markets that. Two land sales last week came in at a whopping $17,000 per acre, and one in Iowa topped $20,0000 this week.

The sheer dollar amount of all three sales is notable, but the biggest surprise was the sale in Iowa County, Iowa.

It consisted of three tracts, the first of which sold for $17,000.

According to Jim Rothermich, a farmland appraiser with Iowa Appraisal, what makes this sale so surprising is the land has been in CRP for 40 years.

"It's very rare for something like that to happen," Rothermich says. "I talked to the auctioneer after the auction to get the results. When he told me the results, I almost dropped the phone. The land is south of Williamsburg, Iowa. There are some pretty good buyers in that area, and not a lot of land comes up for sale. Two local buyers got in a bidding war and ran the price right up to $17,000 an acre."

Not only was the land in CRP for four decades, but it still has several years left on the contract, according to Rothermich.

"That's just amazing it sold that high because usually CRP is discounted," he says.

Rothermich says the other aspect to note about the sale is location matters. The ground was sold in three tracts, and only the first tract went for $17,000. The other two tracts sold for half that.

"There again, location matters. That tract of land, it was 160 acres, and those two guys wanted it. The other two tracts didn't sell as high because for some reason they didn't want to compete for it," Rothermich says.

Why Are Farmers Still Paying These Prices?

Two years ago, it seemed $20,000 per acre farmland would be the new norm. As record sale after record sale was recorded, the question became: how high will these land prices go? Today, the number of these high-dollar sales have slowed, but they're still happening in spite of commodity prices remaining below break-even for many farmers. So, why?

"There's still money out here in the country wanting to buy land. It's not as much as it was a couple years ago when everybody was flush with cash, but we still have some people who still have the cash and wherewithal to buy land and there's still a lot of demand to buy land," Rothermich says.

The land appraiser says we're still seeing strong prices for farmland, but the overall trend is prices are gradually going lower.

It's not crashing, but gradually over time, it's starting to go lower," he says. "But we still are seeing some outrageous sale prices. There was one sale yesterday in Sioux County, Iowa, that brought $20,500 an acre."

The One Major Warning Sign: Number of No Sales

The other warning sign in the land market currently taking shape is the number of no sales. Rothermich tracks all the land auctions across Iowa and keeps monthly totals. In September, he saw a large uptick in the number of no sales.

"There were 14 no sales in Iowa. That's a high number. Looking at my data over time, you want to either have a stable market or an increasing market. The number no sales range from 0 to 3. So to go to 14 in one month that's high. That tells me the market is adjusting to current economic conditions," he says.

Rothermich says if in the position to buy, there will be some good opportunities over the next five weeks. He calls it the most active time for auctions.

"If you do your research and know where land values are at, there's going to be opportunities to buy farmland at a discounted price," he says.

On-feed Inventory Remains Steady with No Sign of Significant Heifer Retention

By: Kenny Burdine, University of Kentucky

Largely in line with expectations, Friday's Cattle-on-Feed report estimated October 1 feedlot inventories virtually unchanged from last year. On-feed numbers continue to run very close to 2023 levels despite the fact that the cowherd and calf crop are smaller. The combination of high cattle values and lower feed prices continue to encourage longer feeding periods. Increased live cattle imports are also a contributing factor and will be discussed in a bit more detail later.

September placements came in a bit higher than expected, running 1.9% below the same month last year. While placements have bounced around a lot this year, they have tended to exceed expectations. Even aggregating over the last six months (April through September) placements are down less than 1% from 2023. September fed cattle marketings were higher, coming in at 2% above last year.

Last week's report was also a quarterly one, which included a steer / heifer breakdown. In the absence of a July cattle inventory report, this has been one of the main indicators that economists have been watching for evidence of heifer retention. Heifers have accounted for more than 38% of total on-feed inventory since July of 2018. During expansionary periods, this share tends to be in the low-mid 30% range. The estimate for October 1, 2024, came in at 39.7%, which was actually up a tick from July (39.6%).

I wanted to also discuss the potential impact increased live cattle imports may be having on the share of heifers on feed in the US. Through the first eight months of 2024, a sharp increase has been seen in the number females coming into the US. In addition to tight domestic supplies and high prices, drought in Northern Mexico has also been a contributing factor. While there has also been an increase in the number of males entering the US, that has been much less significant. If I simply subtract the net increases for both steers and heifers thus far in 2024, the heifer percentage would decrease to 38.9%. In other words, if I hold feeder steer and heifer cattle imports steady from last year, the number of heifers on feed as a percent of total on-feed inventory would drop by about 0.8%.

I readily admit this is a crude calculation that assumes all these cattle were placed on feed, and all were all still on feed October 1st. But lighter cattle that did not go straight to feed were likely offset by similar cattle in late 2023 that may be on feed now. Plus, a lot of Mexican feeder cattle come into the US at light weights, which tends to mean longer feeding periods. Regardless, the primary point to this discussion is that while a proportionally large number of female feeders are entering the US in 2024, the impact on the share of heifers on feed in the US is likely less than 1%. This is something worth watching going forward but it does not change the fact there does not appear to be substantial heifer retention this fall.

Ways to Improve Profitability and Productivity for Cattle Producers

By: Shaye Koester-Wanner

Profitability and productivity, they are two things ranchers always want more of, right? After interviewing more than a hundred guests on the Casual Cattle Conversations podcast and being boots on the ground for family ranches my whole life, I've picked up on patterns and strategies that are imperative to improving both profitability and productivity.

First, it is important to know the relationship between the two. Ranchers know the meaning of 'time is money' all too well but is increased productivity directly correlated to increased profits? I would argue they are not directly related unless you are being productive in the right areas. For example, feeding cattle is a necessary task that is always on the list during the winter months for many people. However, is your time better spent on other areas of the business like refining your marketing plan, building customer relationships, increasing days spent grazing or gaining a better understanding of your finances? More details on this to come but I find it important to understand what the relationship between profit and productivity can and cannot look like depending on where your time is being spent.

Increasing profitability is a topic you see in every issue of any newsletter, publication and many podcasts. Cattle producers run on tight margins and many work to defy the old saying that ranchers are only profitable one out of every ten years. **By far, the most common piece of advice I've heard and witnessed when it comes to profit is knowing your numbers.** Knowing your numbers isn't just being prepared for tax season. It is knowing where you stand today so you can make accurate decisions. If no one on your operation is interested in and capable of managing the finances, then hire it out to someone who is. You wouldn't think twice about asking a veterinarian or nutritionist for advice, so why would you question the outsourcing of your books?

Knowing your numbers shows you where you stand today but if you don't know where you want to go, how can you confidently make any decision about your operation? The goal setting system that works well for our family farm and my business is the one, five and ten year outlook. **Sit down with your family or business partners and write down what you want the ranch to look like in ten years.** What does this look and feel like financially? Who is on the operation? In what areas do you excel? Why do you want it to look this way?

Next, write down where you want the ranch to be in five years. Are the goals you have set for five years stepping stones to your ten year goals? For example, if your ten-year goal is to have an alternative revenue stream that brings in an additional $30,000 of profit then your five-year goal could be to have the business plan developed or even implement phase one of this business.

Once you have the five and ten your goals complete, look at the next twelve months. What do you want the ranch and life to look like in one year? **What actions are you going to take in the next twelve months that are in line with your five- and ten-year plans.** Break these down into the simplest actions and designate which month is the deadline. For example, if you want to create a more profitable marketing plan the first step might be to contact your sale barn representative to learn who has been buying your calves. Step two might be contacting past buyers to learn the strengths and weakness of your calves after they leave your ranch. This exact goal setting outline goes into more detail in the Move Your Ranch Forward goal-setting book on my website for those interested in starting today.

You might be saying, come on Shaye this is all basic stuff. What about cutting inputs and cattle marketing and other actions? **Truth be told, increasing profits is dependent on the individual operation.** Once you know your numbers, where you stand today and where you want to go; those other practices and decisions will fall into place for you if they are in line with your goals and numbers.

Productivity is what will help you get from Point A to Point B faster and probably reduce some stress along the way. There are ample tools and technologies that can be implemented to increase productivity but none of these matters if you have poor communication. Communication is the number one driver or killer of productivity. I know this because my lack of communication has decreased productivity. On the flip side, when everyone communicates our productivity increases drastically on our diversified operation. Some argue there is no sense in planning so far ahead when things always. I say it is better to have a plan and change it than to have no plan at all. During the fall months many families are balancing harvest, cattle work, hay hauling, fall grazing and the work schedules of family members with additional careers. One strategy I've used for years is to share a rough idea of what my week looks like on Sunday night. This way everyone knows when I am available to help or if it would be beneficial for me to move some meetings. Flexibility with scheduling must work both ways. Additionally, we try to connect daily about who will be available to help and who is doing which tasks on the farm for the day.

Outside of communicating about schedules, working on giving clear instructions and gauging how well you communicate is equally as important. If you feel like people aren't listening to you or notice a lot of miscommunications; ask the people you work with how you can improve your communication. Ask them if there would be a more effective way to communicate with them. Treat it like a workplace. **Chances are everyone can do something to improve how they communicate.**

After communication, start looking at automating, delegating, eliminating and reducing to increase your productivity. Look into different software to help with cattle and financial records. **Make a list of all the things you do in a day and put stars by which ones make money or move the ranch forward.** Can you delegate other tasks or reduce how much time you spend performing them? Are there tasks you can completely eliminate? You might not be able to make all these changes today and that is to be expected. If you want to do it in the future, put it on your goal list. One unexpected way I freed up time in my schedule was by reducing screen time. I set limits for how much time per day can be spent on certain apps and I even deleted a few off my phone. Turning off notifications for email and social media has also been impactful.

Increasing your profitability and productivity is truly a set of simple actions. Take the time to be honesty with yourself about where your operation stands today and where you want it to stand in the future. If you are committed to these goals, the rest will fall into place.

The Foundation of the Cattle Industry Is Grass

By John Nalivka October 31, 2024

The last 90 days have been a definite reminder of how quickly conditions in the cattle industry can change and remind us that while record-high cattle prices can generate optimism for cattlemen, the outlook is still largely driven by grazing. While their financial well-being is a function of the market, it is also a function of the availability of grass. Both define the cattle cycle. Furthermore, grazing is critical for rangeland health.

For cattlemen losing a large share of their grazing capacity as the result of wildfires or drought, the rosiest outlook generated by record-high prices can quickly become one of uncertainty. Western states ranchers dependent on Federal lands grazing (BLM and Forest Service), will not just feel the impact of a season of severe wildfires in 2024, but beyond, as restoration of these rangelands could last a period of 4 to 5 years.

Obviously, that period does not include grazing. Record-high prices or otherwise, this is a significant challenge – to say the least. While there was an immediate need for grazing or hay to replace the loss, that loss of grazing capacity must be replaced over the longer term — 2025 and beyond — particularly if it represented a large share of the ranch's total grazing. Furthermore, it has been expressed that Federal grazing on selected allotments could be sharply reduced or discontinued on selected allotments following the wildfires. I believe this to be a strong possibility.

Beyond the wildfires in the West, the industry is also faced with serious drought conditions across both the West and the Midwest. This situation ranges from a continuation of the problem in selected areas to one that is just beginning in other areas and these drought conditions are one factor leading to wildfires. There are cattlemen who have already liquidated part of their herd or their entire herd. For others, that decision may still be yet to come. The situation poses the same challenge as that of wildfires — replacing forage. The drought situation can still improve over the next several months with good winter and spring moisture conditions. That is not the situation on Federal grazing lands or private lands grazing where wildfire occurred. The cards have been laid on the table and range restoration will include spraying for weeds, seeding, and plant establishment.

I am expressing the conditions related to grazing capacity following this summer's wildfires and the drought situation to really bring to the forefront the importance of grazing to the cattle industry and rangeland health and its impact on the outlook for the cattle numbers going forward. Record-high prices are certainly a crucial factor in the assessing the direction of the industry, but grass is still the priority for the individual cattleman and the outlook for the cattle inventory.

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