

# ***COW/CALF CORNER***

## ***The Newsletter***

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## **Cattle Market Factors to Watch This Summer**

By Derrell S. Peel

The recent fed cattle price drop from the mid \$90s to the low \$90s occurred sooner than expected and raises questions about whether markets are merely weakening seasonally or as a result of something more fundamental. Feeder cattle markets remain generally strong and, while no clear threats can be identified at this time, there is a lengthy list of factors that could inject volatility into cattle markets in the coming weeks and months.

The recent weakness in fed cattle prices is tied to a corresponding slump in boxed beef prices, the latest in a series of rollercoaster of increases and decreases in wholesale beef prices this year. The current drop in boxed beef price raises questions about **beef demand** going into the summer. Memorial Day holiday beef sales appear to have been rather lackluster. Sluggish macroeconomic indicators, high gas prices and weaker pork exports are likely contributing to beef demand pressure. Anticipated increases in broiler production in the second half of the year will add additional pressure to meat supplies.

Fundamental to the general strength in cattle prices are cyclically low cattle inventories, extended this year by drought disrupted herd expansion in 2006. The question of the extent to which **herd expansion** resumes this year will have implications beyond this year but also immediately as renewed heifer retention will further limit feeder cattle supplies in 2007. Forage conditions are significantly improved in the Southern and Northern Plains this year but the **drought** has emerged as a major factor in the Southeast. While cow herd expansion has clearly resumed in the center part of the country, offsetting liquidation in the Southeast may temper herd expansion once again. Overall levels of beef production depend on cattle supplies and also on **carcass weights**. Carcass weights have been lower since severe winter weather reduced feedlot production in January and February and carcass weights are expected to remain below year ago levels due to the continuing impacts of high feed prices.

Cattle and other livestock industries continue to keep a watchful eye on feed markets. Although corn crop conditions are quite good at this time, feed prices are expected to continue impacting cattle production. The next month or six weeks will be critical in determining the level of **corn production** this year. There is considerable uncertainty about growth in ethanol demand for corn and continued adjustments in crop production in coming years.

**International trade** in beef remains a source of both promise and frustration. Access to the South Korean market continues to develop in fits and starts. Recent errors in shipments to Korea highlight the challenges of implementing detailed trade agreements for both governments and trading partners in both countries. Japan has so far resisted efforts to further liberalize beef trade requirements with the U.S. Plans are underway to address restrictions with Canada with respect to animals and beef from animals over 30 months of age. These changes are not expected to have major market impacts but uncertainty remains over the details of the new rules, the timing of rule changes and legal challenges that may result.

Lastly there are the continuing discussions for the new **farm bill**. Crop farming and energy related discussions may have significant implications for animal agriculture. Additionally, there are numerous proposals that will have direct impacts on animal agriculture including mandatory country of origin labeling, animal ID, and restrictions on cattle ownership and marketing arrangements. Both the timing and details of farm bill legislation are uncertain at this time.

## Using "Oklahoma Gold" or "Oklahoma Super Gold" for Replacement Heifers in Mid to Late Summer

By Glenn Selk

Fall born replacement heifers have been (or soon will be) weaned and will be at a very critical growing period. It is important that they reach the target weight of 65% of their mature weight by the start of the breeding season. Currently summer pastures are green, growing, and adequate in protein content. However, warm season pastures such as native grass or bermudagrass can be expected to be declining in forage quality in the hot, dry days of July, August, and September. Also these grasses will be reaching plant maturity which accelerates the decline in protein content.

Therefore, the young heifers must receive supplemental protein to continue to grow at the necessary pace of 1.3 to 1.5 pounds per head per day going into their first breeding season. An economical solution would be to give these heifers 1.5 to 2 pounds per head per day of the protein supplement called Oklahoma Gold. This is an OSU-developed protein supplement scheme that consists of a high protein (38% - 45%) pellet that contains the label-recommended dosage of one of the ionophores. Ionophores are feed additives (monensin or lasalocid) that improve feed utilization, inhibit coccidiosis, and enhance the onset of puberty in growing heifers. Research from Texas A&M in the 1970's indicated that heifers receiving an ionophore reached puberty about 2 weeks earlier than counterparts that did not receive an ionophore.

Inclusion of the ionophore in the growing program should cause a few more heifers to be cycling early in the breeding season.

Light-weight or young, weaned heifers that need an added boost while still on late summer pasture may benefit more from the Oklahoma Super Gold supplementation program. "Super Gold" consists of feeding 3 pounds per head per day of a 25% crude protein pellet. These usually contain wheat midds as a base part of the ration. Once again, an ionophore is included at the proper dosage and will be beneficial to these young growing heifers. Plan ahead for late summer supplementation of fall-born replacement heifers.

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