COW/CALF CORNER

The Newsletter

From the **Oklahoma Cooperative Extension Service**

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Strong Supply Fundamentals Support Cattle Markets

By Derrell S. Peel

USDA's July 1 Cattle report confirms that herd expansion has stalled in 2007. In fact, the July 1 All Cattle and Calves inventory is down fractionally from last year at 104.8 million head. Perhaps more telling is that the July 1 inventory of beef replacement heifers is down 6 percent from a year ago, indicating that producers are not even trying to expand at this time. The report indicates that the 2007 calf crop is 37.4 million head, also down slightly from 2006. The result is an estimated supply of feeder cattle that is essentially unchanged from one year ago.

These inventory numbers mean that cattle markets will enjoy relatively tight supply conditions that support prices, not only for the remainder of 2007 but also for 2008 and very likely for 2009 as well. It is possible that herd expansion could pick up slightly in the second half of the year but it would be difficult to see much, if any, increase in herd numbers going into 2008. Producers might begin to save some heifers if hay production increases and drought conditions in the southeast improve from this point on. My sense, however, is that, even in areas where forage conditions are good, there is considerable caution on the part of cow-calf producers. Most all regions have had drought conditions and significant management challenges sometime in the past five years from which many producers are in some stage of recovery. Moreover, uncertainty about ethanol and feed markets; international trade; energy and other input prices; and policy debates have many producers jittery. I still view this as an interruption of the cattle cycle but it appears likely that expansion will proceed slowly in the next 2 to 4 years. Meanwhile, limited cattle supplies will keep cattle prices generally strong albeit with considerable potential for short term volatility. At some point, supplies will be further squeezed when producers begin retaining heifers to expand the cow herd.

The July 1 Cattle on Feed report shows a reduction in feedlot inventories as well. A total of 10.737 million head of cattle were reported in feedlots with a capacity of 1,000 head or more, down 1 percent for last year. June placements were lower than expected at 1.657 million head, down 15 percent from last year. June marketings were 2.14 million head, down 3 percent from one year ago.

The Cattle on Feed report shows continuing impacts of the fed cattle market adjusting to higher feed prices and regional feed supplies. Much of the reduction in placements is in lightweight feeders as feedlots seek to purchase heavier cattle in the face of higher cost of gain. There is a marked difference in the feedlot situation in the Midwest versus the Southern Plains feeding areas. Feedlot inventories in Iowa, South Dakota and Nebraska are higher than last year, up 11, 9 and 3 percent. Meanwhile feedlot inventories in Kansas, Texas, and Oklahoma are down 6, 4 and 4 percent respectively. The Colorado feedlot inventory is also down 4 percent from 2006. The effects of the ethanol phenomenon will continue to ripple through crop and livestock markets for at least another 18 to 24 months before we have a reasonably complete picture of the total impacts.

Stockpiled Bermudagrass Can Reduce Winter Feed Costs

By Glenn Selk

Harvested forage costs are a large part of the production costs associated with cow-calf enterprises. A recent Oklahoma State University trial had the objective to economically evaluate stockpiled bermudagrass. The research found that this practice can reduce cow-wintering costs. Forage accumulation during the late summer and fall is variable from year to year depending on moisture, temperatures, date of first frost and fertility. The OSU research has found that 50 to 100 pounds of actual nitrogen fertilizer per acre applied in the late summer has produced 1000 – 2000 pounds of forage per acre. In some ideal situations even more forage has been produced.

Studies between 1997 and 2000 found stockpiled bermudagrass protein concentrations were quite impressive, even after frost. In November, the range of protein content of the standing forage was 13.1% to 15.2% crude protein. The protein held up in December and ranged from 12.5% to 14.7% crude protein and declined to 10.9% to 11.6% crude protein in January.

To make best use of the stockpiled forage, supplementation with 2 pounds per head per day of 14% to 25% protein feed beginning in early December is recommended.

The following is a list of recommendations for stockpiling bermudagrass pastures for best results and reducing winter feed bills:

1. Remove existing forage by haying, clipping, or grazing by late August
2. Apply 50 to 100 pounds of actual nitrogen fertilizer per acre.
3. Defer grazing until at least late October or early November.
4. Control access to forage by rotational or strip grazing to cut waste and extend grazing.
5. If cool season forage is available for use in the winter, use the stockpiled bermudagrass first.
6. Supplementation (2 pounds of 14 – 25% protein) should begin in early December.

7. Provide free-choice mineral (6%- 9% phosphorus and Vitamin A) with a trace-mineral package

Late August will be soon be upon us. The old forage needs to be removed. Fertilizer spreading must be planned and scheduled. It is not too early to begin to plan the process of stockpiling bermudagrass for this fall and winter.