

COW/CALF CORNER

The Newsletter

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By Derrell S. Peel

Demand constraints continue to limit wholesale beef prices and add additional pressure to beef industry margins. Beef wholesale and retail markets appear to be stalled with continued weak macroeconomic news and mounting pressure from pork and poultry. Already weak wholesale pork prices, especially hams, coupled with recent weakness in chicken breast and wing prices is weighing on boxed beef prices. Pork production is up 3.1 percent for the year to date and the most recent week was 5.8 percent above the same week last year. The pressure is exaggerated even more by the unexpectedly strong beef slaughter rates recently and heavy carcass weights both of which are pushing up beef production. It appears that packers, already suffering from lousy margins, are making matters worse in the short run by jockeying aggressively for market share.

The result is a vicious squeeze for feedlots and packers with a lot of pushing and shoving in the fed cattle market each week. There does not seem to be much relief in sight for packers. Beef demand will continue to be pressured the rest of the year with ample pork and poultry production. With South Korea back out of the beef market until 2008, there is little chance that export demand will come to the rescue. Current boxed beef values do not support fed cattle prices above the mid \$80s yet packers are paying near \$90 for fed cattle at this time.

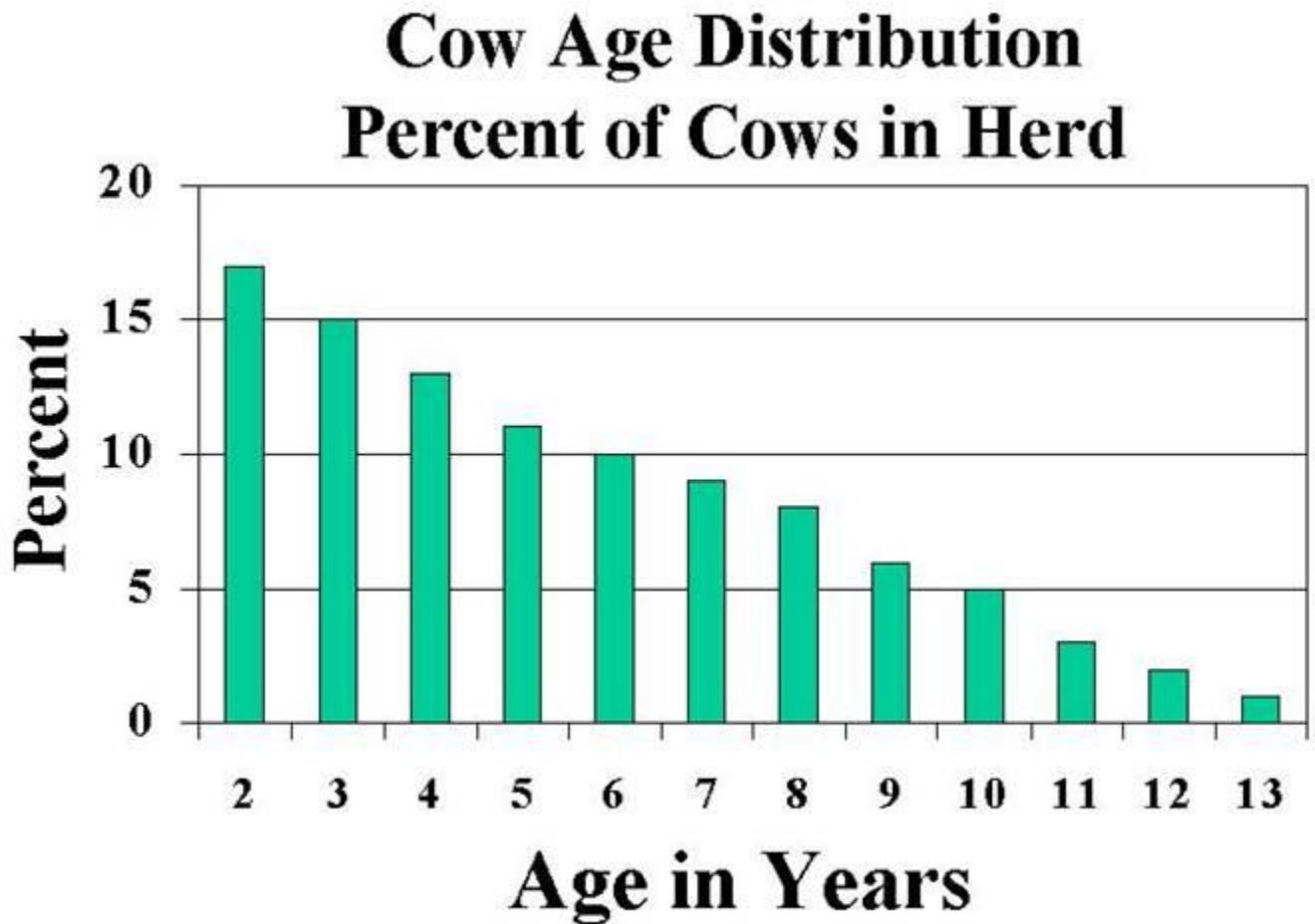
At the same time feedlots get little relief. Feeder cattle prices have weakened somewhat the past month but do not appear likely to move much lower. This year's record corn crop is nearly harvested and it is clear that feed prices will not be dropping much in the short run nor longer term. Corn futures for December 2008 have risen over 30 cents per bushel in the past month. Meanwhile, feedlots continue to sell fed cattle that were bought as very pricey feeders last summer, many of which have breakevens in the mid \$90s yet they have been able to sell fed cattle around \$90 at best. Both packers and feeders are taking punishment in the market and

there seems little they can do about it for the time being except battle each week to see how the losses get split between them. The pushing and shoving will likely continue.

Sorting Cows in the Fall for Efficient Winter Feeding

By Glenn Selk

Sound sorting concepts of the spring-calving beef cow herd in the fall should improve the efficiency of the feeding program throughout the winter. Before we divide up the herd, it makes some sense to inventory the cows to be divided. How many cows of each age group do we have? Every herd will be a little bit different, but a Research Station Herd in North Dakota can give us data to use as a guideline. Data from the North Dakota State University Dickinson Research Extension Center reported recently on the average percentage of cows in their herd (by age group) over the last 20 years. This is depicted graphically below:



This data points out that 17% of this herd over the years was in the "first-calf heifer" category. They also noted that 11% of the herd was 10 years of age and older. Fifteen (15%) percent of the cows were 2nd calf 3 year-olds. From this data, one could formulate three logical groups of cows to be pastured together for feeding efficiency.

Group 1: The two-year old first calf heifers. They have higher nutrient needs than other cows that are not growing. They are too small to compete with larger, older, boss cows for the supplement.

Group 2: The old cows (10 years and older) and the 2nd calf heifers. In addition, this group should include any of the **middle aged cows that were thin** and needed extra supplement. Cows that were Body Condition Score 4 or less would be considered.

Group 3: The remaining cow herd. This is the group that is mature in size and in adequate condition to enter the winter feeding period as at least Body Condition Score 5.

If only two groups are possible, putting groups 1 and 2 together would be another logical combination. Ranchers, then want to be certain that the feeding program is adequate to have cows in each group calve as Body Condition Score 5 or 6 next spring. This may imply that higher quality hay or higher energy supplements (fed in larger quantities) will be given to the young/old/thin cows, while the middle aged cows in good body condition will be supplemented with high protein supplements (in smaller quantities) and free choice access to pasture or grass hays. Because the nutrient needs are not the same for all cows in the herd, improvement in feed efficiency can be made by sorting the cows before winter.

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