

COW/CALF CORNER

The Newsletter

From the **Oklahoma Cooperative Extension Service**

November 30, 2007

In this Issue:

Cattle Market Trends Continue

Derrell S. Peel, OSU Extension Livestock Marketing Specialist

To Castrate or Not to Castrate??

Glenn Selk, OSU Extension Animal Reproduction Specialist

Cattle Market Trends Continue

Derrell S. Peel

For the most part, recent cattle markets trends are continuing as we look to the last few weeks of 2007. Boxed beef prices strengthened briefly as packers trimmed production but have struggled to hold onto gains. On the heels of higher boxed beef values, feedlots were able to muscle fed cattle prices up and maintain the squeeze on packer margins. Fed cattle prices have moved back in to the low to mid-\$90 range. Feedlots are generally current and fed cattle supplies are relatively tight after several weeks of aggressive slaughter competition among packers. Feeder cattle prices have also rebounded from the modest seasonal decrease in late October and early November though additional upside potential is limited.

Beef demand remains on the defensive as normal holiday preferences for ham and turkey are supported by abundant pork and poultry supplies and attractive prices. Pork and turkey wholesale values are currently below year ago levels, while chicken prices have decreased recently but remain above values compared to last year. Beef middle meats continue to struggle albeit at historically high prices. High gasoline prices and the onset of winter heating costs will continue to squeeze consumer spending into the winter.

Oklahoma continues to experience generally dry conditions with parts of the state beginning to show marginal drought conditions. This after a record rainfall year! Hay supplies are locally adequate but generally tight on a wider regional basis. Hay quality is marginal in many situations even when supplies are adequate. This fact and the lack of wheat pasture means that most producers are managing feed supplies pretty conservatively. In the face of high supplemental feed costs it is essential for cattlemen to carefully manage costs and utilize forage resources wisely. There is certainly no indication that cow-calf or stocker producers are interested in being very aggressive with production plans until we get through the winter and see how spring and summer forage conditions develop.

To Castrate or Not to Castrate??

Glenn Selk

A question commonly discussed around small town coffee shops would sound like this: “Is it worth the trouble to castrate male calves at ‘calf working time’ or should I just leave them to sell as ‘cutter bulls’?”

A survey conducted by Oklahoma State University of eastern Oklahoma livestock markets in 1997 and 1999 showed that on average, bull calves were \$2.00-3.00/cwt less expensive than steers of similar weight. Other studies in other states have suggested that bull calves are currently being discounted even more. In fact, last week at the Oklahoma City National Stockyards, 270 head of 468 pound feeder steers sold for \$132.57/cwt while 60 head of 478 pound feeder bull calves sold for \$124.66/cwt. Both groups were graded medium and large frame, number one muscling score. Therefore the bulls that weighed 10 pounds more, returned \$24.55 less per animal.

However, that discount may still not be enough. Until the last few years, there has been very little information available to Oklahoma producers on the additional production costs associated with purchasing lightweight bulls vs. steers for use in a stocker operation. Therefore, the objective of several OSU studies was to evaluate differences in performance and health status of steers vs. knife-castrated or band-castrated bulls.

Stocker calves castrated well prior to purchase (steers) had significantly improved daily gain (2.35 lb/day vs. 1.77 lb/day) and dry matter intake (8.85 lb/day vs. 7.59 lb/day) compared with calves castrated after purchase and at processing (bulls). No difference was observed in the feed:gain ratio. The number of times removed from the pen for disease treatment was significantly less for steers versus bulls, suggesting a healthier appearance. In addition, the number of treatments and time of recovery tended to be lower in steers versus bulls. One third (33.3%) of the steers were treated at least once; whereas 59.3% of the "cutter bulls" were treated at least once. None of the steers were treated more than one time; whereas 23.5% of the newly castrated bulls were treated more than once. (Berry, et al. 2001 OSU Animal Science Research Report).

Although more experiments comparing the effects of purchasing steers vs. bulls on performance, health, and economics are needed, data suggests that the lower costs per pound associated with purchasing bulls are outweighed by the additional cost of decreased performance and increased sickness. Medical costs were much higher for bulls compared to animals purchased as steers. Medical costs escalate when cattle require more than one medical treatment. As the cattle markets put more and more emphasis on value-based marketing of feeder calves, cow calf producers can expect to be discounted increasingly for leaving male calves un-castrated.

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.