# COW/CALF CORNER

**The Newsletter**
**From the Oklahoma Cooperative Extension Service**

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## Cattle Markets Continue to Adjust

By Derrell S. Peel, OSU Extension Livestock Marketing Specialist

U.S. cattle markets continue to adjust to the myriad of dynamic market forces at work in the industry. Across the board, cattle and beef prices have rebounded in the past month following weakness in March and into April.

Choice boxed beef prices, which have spent much of the past several months in a $145 - $150/cwt. trading range, dropped below that in March but recovered in late April and May to present levels in the mid $150s. Higher and more stable prices this year have been the result of more typical retail featuring and forward purchasing going into the Memorial Day weekend which kicks of the summer grilling season. It appears that the holiday weekend beef sales were decent but not outstanding and sustainability of beef buying through the summer is uncertain.

Despite continued adverse consumer demand conditions, including higher gas prices and continued macroeconomic weakness, beef demand stabilized somewhat in the second quarter of 2008. A rebound in wholesale pork prices helped beef demand with strong pork exports offsetting a continual pace of 10 percent larger pork production this year. Nevertheless, there is still plenty of evidence of continued demand challenges. Much of the stronger boxed beef prices is coming from gains in end meats and trimmings. It appears that consumers are still trading down in products to control costs. Beef demand should continue to benefit in the last half of the year with moderating pork and poultry production. However, consumer purchasing power will remain weak.

Higher boxed beef prices and tightening fed cattle supplies combined to support higher fed cattle prices in recent weeks. Fed prices in the $94 - $95/cwt. range currently have reduced but do not offset cattle feeding losses. Feedlot breakevens are $100/cwt. in many cases and will go higher in the last half of the year with higher corn and feeder cattle prices. Two months of reduced

placements along with strong marketings in April combined to pull feedlot inventories down in May. Beef production will also moderate in the third and fourth quarters of 2008.

Feeder and calf prices have also strengthened in recent weeks on the heels of stronger boxed beef and fed cattle prices. Calf prices this spring have been quite volatile but are currently stronger, the result of fundamentally tight supplies and strong demand for grazing cattle this summer. Feeder cattle prices have put together a more sustained rally in the last month as feedlots continued to scramble for feedlot inventory. In general, feeder prices have gained a bit relative to calf prices, which re-emphasizes the underlying longer term market signal to the beef industry: use more forage and less grain whenever and wherever possible.

# Is the Price Difference Between Steers and "Cutter Bulls" Big Enough?

By Glenn Selk, OSU Extension Cattle Reproduction Specialist

Oklahoma State University nutritionists and veterinarians took a close look at the performance differences while receiving bull calves versus steer calves during a 44 day backgrounding period. A total of 111 bulls and 204 steers were purchased from different auctions and received at the Willard Sparks Beef Cattle Research Center for the experiment. Animals were processed after a 24-hour period and calves that arrived as bulls were surgically castrated. Health was assessed by trained personnel every morning and animals that met the pull criteria were taken to the processing facility and rectal temperature was recorded. Animals that met the treatment criteria were treated and returned to their home pens. During the length of the trial, animals that arrived as bulls had a higher sickness and death rate than those that arrived as steers (42.3 vs 11.3% and 23.4 vs 3.9%, respectively), and an increased medicine cost per animal ($12.30 vs $2.65/animal). Although the animals that arrived as bulls were heavier (548 lb for bulls vs 524 lb for steers), at the end of the trial no difference was detected in body weight (675 lb for bulls vs 682 lb for steers). However, average daily gain during the length of the trial was greater for steers compared with animals that arrived as bulls (3.63 lb/day for steers vs 2.97 lb/day for bulls). In this trial the scientists concluded bulls castrated on arrival have decreased performance, greater health risk, and greater health costs compared with cattle that arrive as steers. (Source: Burciaga-Robles and co-workers. 2006 OSU Animal Science Research Report.)

University of Arkansas animal scientists studied two different castration methods of weaned male stocker calves. Castration of bull calves was done by banding or surgical castration. They also compared timing of castration. Some of the bulls were castrated at arrival, after transportation stress, and compared to castration at 14 days after arrival. Comparable steer calves were used as controls in this experiment. There was an advantage in final weights and average daily gain between those animals that arrived as steers over those animals that arrived as bulls. Steers gained an average of 22 more pounds during the course of the trials than bulls that required castration. Steers had greater average daily gain than bulls in each of the measured periods. Steers gained 3.52 lb/day during the first 7 days after arrival compared to only 1.58 lb/day for bulls. Steers did not undergo the stress of castration during the receiving period, which could have allowed them to adapt more rapidly to their new environment. Bulls that were surgically castrated on arrival had greater final weights for the entire trial than calves that were

banded on arrival. These data could indicate that surgically castrating animals at the time of arrival would not add enough stress to the animal to yield detrimental growth performance. Postponing surgical castration to day 14 did result in lower final weights and average daily gains when compared to surgical castration at the time of arrival. Delaying castration did not have beneficial results on weight gains. There was no effect of castration method or timing for the number of calves treated once for respiratory disease, the average number of treatments per calf, or the medical costs of treatment. However, more bull calves (24%) required a second treatment, which tended to be greater than steers (9.6%). These factors translated into a higher medical cost for bulls when compared to steers. (Source: Ratcliff and co-workers. 2005 Arkansas Animal Science Report.)