

# **COW/CALF CORNER**

**The Newsletter**

**From the Oklahoma Cooperative Extension Service**

**July 25, 2008**

**In this issue:**

## **U.S. Cattle Inventories Treading Water**

Derrell S. Peel, OSU Livestock Marketing Specialist

## **What is the Value of Added Gain on Today's Market??**

Glenn Selk, OSU Extension Cattle Reproduction Specialist

## **U.S. Cattle Inventories Treading Water**

Derrell S. Peel, OSU Livestock Marketing Specialist

In the first of two USDA reports released on July 25, the July Cattle on Feed report confirms a continued decline in feedlot inventories. The July 1 on-feed total was 10.3 million head, 96 percent of one year ago. June placements were down 8.6 percent from a year earlier, while marketings were down 8 percent. Feedlot marketings should remain at a slower pace for most of the balance of the year, while placements could increase seasonally in the fall as summer grazing cattle are marketed in the third quarter. However, increased yearling placements this fall may be offset by reduced weaned calf placements as cow-calf producers retain ownership for forage-based stocker gains.

USDA also released the mid-year Cattle inventory report. Generally the report was well anticipated and suggests that the cattle industry is in station-keeping mode with no signs of expansion nor significant indications of liquidation. The estimated July all cattle and calves inventory is virtually unchanged from last year at 104.3 million head. Estimated beef cows are down slightly more than 0.5 percent while the dairy cow total is up one percent from last year. Estimated beef replacement heifers are down 2 percent, not indicative of significant liquidation but it certainly indicates no interest in expansion on the part of beef producers. This is further indicated by the fact that the July 1 on-feed inventory includes a slightly higher percentage of heifers this year compared to 2007.

The estimated 2008 calf crop is essentially unchanged from last year at 37.3 million head. The estimated July 1 supply of feeder cattle outside feedlots is up 0.7 percent compared to last year. This has more to do with changes in the timing of cattle production rather than any increase in feeder supplies. The strong incentives for forage based production means that more cattle are grazing this summer and will show up in feedlots in the fall. Beginning last year and even more so this year, the cattle industry continues to revert to more of a yearling based industry with

seasonal production increasingly influenced by summer grazing. If current feed market conditions generally persist, we may see some changes in seasonal production and price patterns relative to the past decade.

## **What is the Value of Added Gain on Today's Market??**

Glenn Selk, OSU Extension Cattle Reproduction Specialist

For years we have generalized that the value of each pound of added gain on young cattle is about 55 to 60 cents per pound. Today's high grain prices have changed that concept because the market place is willing to pay for gain on pasture or outside the feedlot. How much is the market willing to pay for added pasture gain?

Looking at the current market news report for Oklahoma City, it is possible to get a handle on the current value for adding weight to weaned calves and/or yearling stocker cattle. The prices evaluated in this example all were for "medium frame, number 1 muscling" steers. The weight range was from 405 pounds to 933 pounds. If you do the math, the overall value of each pound of added weight gain from 405 to 933 was 85 cents per pound. The value of added weight gain for just weaning weight calves from 405 to 632 pounds was 79.5 cents per pound.

In the case of the older stocker steers weighing between 729 pounds and 933 pounds, the average value of each pound of gain was 88 cents per pound. In every case, these cattle all brought more than 1 dollar per pound, but due to the price slide, the value of added weight is less than the sale price.

As we calculate the cost effectiveness of supplementation in the late summer months, we must keep in mind that the overall market may be higher now than it will be in October and November especially for weaning weight calves. Nevertheless this gives us a guideline that any practice that we incorporate such as late summer supplementation must provide additional weight gain for less than about 80 cents per pound to be profitable.

Research here at Oklahoma State University has shown that the conversion rate of a 14% crude protein grain feed provided at the rate of 4 pounds per head per day produced an additional 0.74 pounds of weight per day. In other words, it took 5.4 pounds of the supplement to provide a pound a weight gain. This research was conducted on stockpiled, fertilized bermudagrass. Just to break even, the feed would need to be purchased and delivered to the steers for \$296/Ton. The Oklahoma Gold high protein supplement program uses 38 to 45% protein cubes (including an ionophore) fed at the rate of 1 pound per head per day. The total added gain is less and the supplement more expensive per ton, but this is more efficient. Research on native grass has shown that we should expect to need about 2.3 pounds of Oklahoma Gold supplement per pound of added gain. If this supplement can be delivered to yearling cattle at less than \$695/Ton, it should help the bottom line. Read more about the Oklahoma Gold supplementation program at: <http://pods.dasnr.okstate.edu/docushare/dsweb/Get/Document-2042/F-3032web.pdf> .

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.