

COW/CALF CORNER

The Newsletter

From the Oklahoma Cooperative Extension Service

July 12, 2010

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OQBN Vac-45 Adds Value to Beef Cattle

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Successful cow-calf producers strive to receive the highest possible value for their calves at sale date. The Oklahoma Quality Beef Network (OQBN) is a program, which began in 2001, and is a joint effort by Oklahoma Cooperative Extension Service and the Oklahoma Cattlemen's Association. OQBN offers unbiased information on beef cattle value enhancement. It provides producers and others in the beef industry education and tools to improve access to value-added programs. In the beginning, the OQBN program was designed to be a process verification and certification program for preconditioned calves. Today, the OQBN is the "complete" value-added program as it is a network of Oklahoma State University, Oklahoma Cattlemen's Association, beef producers, and allied beef industry. It offers participation in value-added markets such as health management verification, age verification, source verification, production system verification, and genetic verification.

The OQBN Vac-45 is an example of a health management verification option for beef producers to participate in a value-added market. The OQBN Vac-45 is still a viable and important program as it benefits buyers and sellers in several ways. In addition to healthier, heavier calves when sold, sellers may earn higher prices per/cwt. Research has found buyers paid \$3-6/cwt more for preconditioned calves in recognition of buying healthier, higher-performing calves in a stocker or feedlot program. In 2009, OQBN participants realized \$8.12/cwt premium over cattle that had no weaning or health history.

There are several benefits of participating in the OQBN Vac-45 program. Benefits include reduced cattle stress and shrink, improved immune system, increased sale weight of cattle, increased market demands, brand-neutral (you and your veterinarian select the products to be used and the timing of vaccinations), and OQBN can be dual certified in other health management verification programs.

The following is a list of several OQBN sales scheduled this fall across the state. For a producer to take advantage of these value-added opportunities, the cattle must be enrolled in the OQBN, follow one of three health protocols, weaned by the deadline, and third party verified by extension personnel.

OQBN Location	OQBN Sale Date	OQBN Weaning Deadline
Durant Livestock	September 9, 2010	July 26, 2010
OKC West	November 3, 2010	September 19, 2010
McAlester Stockyards	November 9, 2010	September 25, 2010
Durant Livestock	November 11, 2010	September 27, 2010
Blackwell Livestock	November 20, 2010	October 6, 2010
OKC West	December 1, 2010	October 17, 2010
Stillwell Livestock	December 3, 2010	October 19, 2010
Tulsa Stockyards	December 6, 2010	October 22, 2010
Durant Livestock	January 6, 2011	November 22, 2010

For additional information or questions about the Oklahoma Quality Beef Network, contact your local OSU Extension Office or Doug McKinney, OQBN Coordinator at 405-744-6060 or at doug.mckinney@okstate.edu. Additional information may be found at www.oqbn.okstate.edu.

Summer Retained Ownership Considerations

Eric A. DeVuyst, Extension Economist and Derrell S. Peel, Extension Livestock Marketing Specialist, Oklahoma State University

As producers are weaning their fall-born calves, it's a good time to look at retained ownership options. Utilizing OSU's Retained Ownership Decision Tool, we looked at retaining fall-born, long-weaned steers through preconditioning, grass stocker and feedlot. Calves are assumed to be weaned on July 15 and weigh 641 lb. Last week's Oklahoma City price was \$115.36 for unweaned calves weighing 622 lb. after shrink. Subtracting expenses for sales, weaned steers are expected to return \$711/head to the cow-herd. If instead those steers are preconditioned for 45 days, the producer can expect to sell a 698 lb calf, after shrink, at \$120.94 (August) plus a \$3 premium for preconditioning. So, the calf earns an \$856 check after a 1% death loss. The producer will have another \$87/head in expenses, so preconditioning nets about \$59/hd. There is an important lesson to be learned from the price difference between a bawling calf and a weaned calf. The market is currently discounting bawling calves by over \$6/cwt. compared to weaned calves of the same weight. Even waiting a week post-weaning can make you money.

Instead of selling after preconditioning, the producer could put the steers on grass pasture for 60 days. On October 28, 783 lb calves, net of shrink, are sold for a projected \$104.18/cwt. The calves are projected to average \$810/head after a 0.6% death loss. Additional expenses are incurred including \$18/head for pasture rent. Since the calves earn an additional \$38/head versus the added expense of \$41/head, grass stocking phase does not appear to be advisable this year— unless the producer has excess pasture with no alternative use.

Retained ownership in the feedlot looks to be loss generating for last fall's calves. Current March Live Cattle futures prices suggest a sale price of \$97.43. A 1,255 steer (again net of shrink) earns about \$1,221/head (March) after a 0.15% death loss. In the feedlot, steers cost the owner another \$450/hd. Given that added revenue is only \$327/head, retained ownership through the feedlot appears to be ill-advised this fall.

Values presented here are based on many production, cost and value assumptions that may be different for individual producers and may change over time. Producers can analyze their own retained ownership strategies using the Retained Ownership tool. It can be downloaded (for free!) at <http://www.agecon.okstate.edu/faculty/publications.asp> (author=DeVuyst; type=Spreadsheet).

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