

COW/CALF CORNER

The Newsletter

From the Oklahoma Cooperative Extension Service

December 13, 2010

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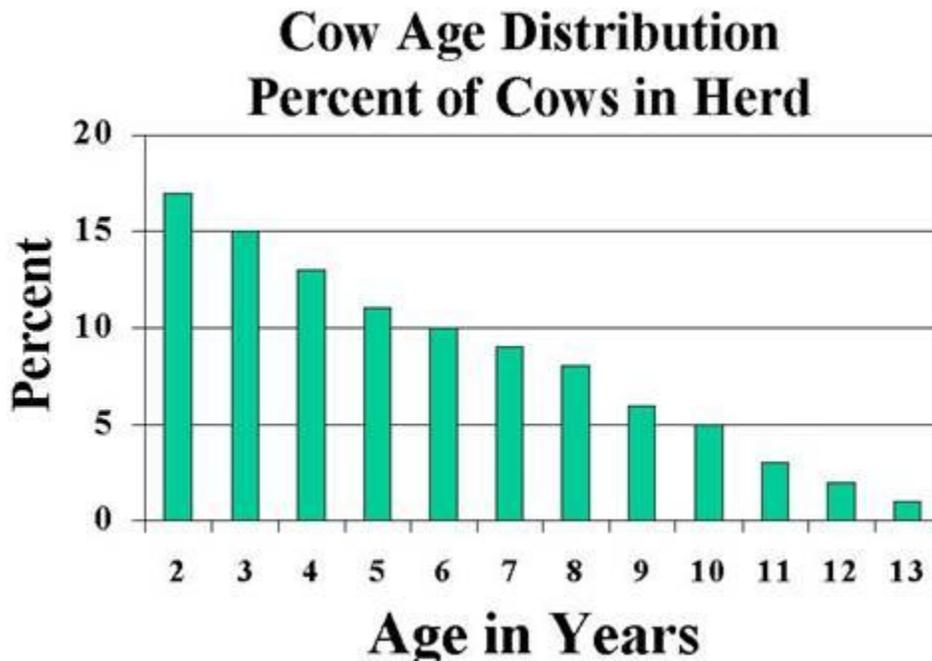
Cattle prices across the board are expected to post year over year increases in 2011. Cattle prices are approaching record levels in several markets at the end of 2010 and will likely take cattle prices into uncharted waters in the coming year. Any number of external factors could impact cattle markets in the coming year but the following market factors are expected to have the biggest impact on market prices.

- Beef Demand Projected decreases in beef production in 2011 will pressure wholesale and retail beef prices higher. The ability to pass on the impacts of reduced beef supplies will depend on continued recovery in beef demand. Recessionary weakness continues to limit middle meat demand though signs of recovery are evident at the end of 2010. Increased competing meat supplies, mostly increased poultry production, may temper retail beef prices somewhat.
- Herd Expansion...or Not? Limited cattle numbers are expected to result in reduced cattle slaughter in 2011. The magnitude of feeder supply squeezing will depend on the extent of heifer retention in the coming year. Though not yet confirmed by data, there are indications at the end of 2010 of limited heifer retention. The question of herd rebuilding will determine just how tight cattle supplies are in 2011 and also the timetable for potential increases in beef production in coming years.
- 2011 Crop Conditions A 2010 corn crop that fell just short of record levels was enough to push corn prices sharply higher. Projected crop year ending stocks are at levels that make the feed grain markets extremely sensitive to anticipated grain supplies. Crop markets will likely be especially focused on evolving crop conditions that will have a large impact on overall feed grain price levels as well as increased volatility from the pre-planting period through harvest. Crop prices and volatility will continue to have a big impact on livestock industries in general and in cattle, especially on the feedlot sector.
- International Trade Strong beef exports provided critical support for cattle markets in 2010. Beef exports are expected to increase again in 2011, albeit at a more modest rate of gain. Global demand for beef is expected to continue growing though country specific economic conditions and currency exchange rates will have a large impact on specific trade flows. Beef exports and imports both help the beef industry to improve domestic beef demand by changing the mix of products to better meet the preferences of U.S. beef consumers and increase total value to the industry.
- Forage Conditions Beef industry responses to the twin forces of limited cattle numbers and high feed grain prices depend on forage use. There are continued strong incentives for increased cow-calf production and for forage based stocker production. The quantity and quality of forage will have a big impact on both the level of production and the timing of feeder cattle flows in the coming year. Currently, the La Nina weather pattern is producing dry conditions across much of the Southern Plains and Southeast regions that may impact winter grazing systems. Should dry conditions continue to develop and extend into the growing season, the impact on cow-calf production and summer grazing programs could be very significant. Widespread drought in major cattle regions could offset producer intentions with respect to possible herd rebuilding.

How Many Heifers to Keep??

Much is currently being written about the need to re-grow the nation's cow herd. Individual ranches must make the decisions about heifer retention based upon factors that directly affect their bottom-line.

Matching the number of cattle to the grass and feed resources on the ranch is a constant challenge for any cow-calf producer. Also producers strive to maintain cow numbers to match their marketing plans for the long term changes in the cattle cycle. Therefore it is a constant struggle to evaluate the number of replacement heifers that must be developed or purchased to bring into the herd each year. As a starting place in the effort to answer this question, it is important to look at the "average" cow herd to understand how many cows are in each age category. Dr. Kris Ringwall, director of the Dickinson, North Dakota Research and Extension Center recently reported on the average number of cows in their research herd by age group for the last 20 years. The following graph depicts the "average" percent of cows in this herd by age group.



The above graph indicates that the typical herd will, “on the average”, introduce 17% new first calf heifers each year. Stated another way, if 100 cows are expected to produce a calf each year, 17 of them will be having their first baby. Therefore this gives us a starting point in choosing how many heifers we need to save each year.

Next, we must predict the percentage of heifers that enter a breeding season that will become pregnant. The prediction is made primarily upon the nutritional growing program that the heifers receive between weaning and breeding. Researchers many years ago, found that only half of heifers that reached 55% of their eventual mature weight were cycling by the time they entered their first breeding season. This data was reinforced with [recent data from Oklahoma State University](#). If these heifers were exposed to a bull for a limited number of days (45-70), not all would have a chance to become pregnant during that breeding season. Therefore, it would be necessary to keep an additional 50% more heifers just to make certain that enough bred heifers were available to go into the herd. However if the heifers were grown at a more rapid rate and weighed 65% of their eventual mature weight, then 90% of them would be cycling at the start of the breeding season and a much higher pregnancy rate would be the result.

Even in the very best scenarios, some heifers will be difficult or impossible to breed. Most extension specialists and researchers write about the need to always expose at least 10% more heifers than you need even when they are grown properly and all weigh at least 65% of the expected mature weight.

The need to properly estimate the expected mature weight is important in understanding heifer growing programs. Cattle type and mature size has increased over the last half century. Rules of thumb that apply to 1000 pound mature cows very likely do not apply to your herd. Watch sale weights of culled mature cows from your herd to better estimate the needed size and weights for heifers in your program. Most commercial herds have cows that average about 1150 pounds or more. This requires that the heifers from these cows must weigh at least 747 pounds at the start of their first breeding season to expect a high percentage to be cycling when you turn in the bulls.

This discussion is meant to be a **STARTING PLACE** in the decision to determine the number of heifers needed for replacements. Ranchers must keep in mind the over-riding need to understand where forage base resources that they have available to them.

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