

COW/CALF CORNER

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In this Issue:

Cattle on Feed: Cattle Market Juggling Act Continues

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Effects of Calving Difficulty and Confined Calving on Calf Sickness

Glenn Selk, Oklahoma State University Emeritus Extension Animal Scientist

Cattle on Feed: Cattle Market Juggling Act Continues

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Perspective is always important in cattle markets and all the more so given the tremendous amount of volatility the industry has experienced in the last few years. Nowhere is this more true than with the latest USDA Cattle on Feed report. Taken at face value, it appears to contradict on-going concerns about extremely low cattle inventories and tight supplies. It is important to read the report for what it does tell and also for what it does not tell us.

The January Cattle on Feed report puts December placements at 1.795 million head, up 16 percent for one year earlier; December marketings at 1.827 million head, up 5 percent from 2009 and a January 1 on-feed total of 11.517 million head, up 5 percent from the January 2010 level. The large December placement level is the fifth consecutive month of year over year increases in placements. However, the 16 percent increase in placements was compared to a December 2009 level which was the lowest since 1998. The latest December placement number is up 5.7 percent over the 2005-2009 period and is just one percent higher than the 2003-2007 period, which excludes market shocks in 2008 and 2009. The point is that while the December placement number does tell us something about the timing of cattle in the first half of 2011, it is not nearly as big an absolute number as it first appears.

In a similar fashion, the on-feed total, which was up 5 percent from last year, is being compared to the smallest January 1 number since 2003. In fact, the January 1, 2011 total is down nearly one percent from the 2006-2010 five-year average. Ironically, the marketings number, which will likely get less attention than the placements number, is up 5 percent year over year and is up 8.6 percent over the previous five year average. In fact, December marketings were the highest for that month since 1999.

So what does it all mean? Feedlots, buoyed by profitability in 2010 and rising futures markets at the end of the year; and aided by dry conditions and limited winter grazing prospects, were motivated and able to aggressively place cattle in December. This juggling act keeps feedlot inventories up in the short run but the increase in placements is at the expense of future placements. Although it is amazing how far the industry can push those dynamics, it seems clear that it cannot continue much longer. Feeder supplies will be increasingly tight this spring. Thus, the impact of year over year increases in feedlot inventories the last few months means a slight bunching of feedlot production in the first half of the year likely followed by marked decreases in the second half of the year. I don't expect this to fundamentally weaken current fed cattle markets but it may limit seasonal increases through the first quarter and hold fed prices on more of a plateau near current levels. Of course, winter weather has the ability to change that and the market will be fairly sensitive to any reduction in slaughter level or carcass weights that might result from bad weather.

Effects of Calving Difficulty and Confined Calving on Calf Sickness

Glenn Selk, Oklahoma State University Emeritus Extension Animal Scientist

As the 2011 spring calving season begins, producers may want to assess some basic management strategies that affect the incidence of sickness in the baby calves. Two key areas to consider include (1) the condition of the calving pasture and (2) the amount of calving difficulty that occurs in the herd.

Over 10 years ago, USDA and Kansas State researchers surveyed 2490 beef herds in 23 states to study the impact of management factors on calf sickness from birth to weaning. Herds that reported more than 10% of the calves becoming sick from scours, respiratory illness, pinkeye, or footrot were classified as "high sickness herds". From their survey data they concluded that herds having 70% or more of the cows and heifers calve in confinement was associated with increased risk of being a high calf sickness herd. Herds with increased calving difficulty were also likely to be high calf sickness herds. In this data set, the average percentage difficult births for cows and heifers combined was 4%, whereas the average for just heifers alone was 16.7%. Approximately 40% of the herds experienced high sickness from the effect of calving difficulty and 10% from the effect of confined calving. (Source: [Sanderson and Dargatz, KSU Cattlemen's Day 2000.](#))

The take-home messages appear to be clear. When possible, have cows and especially first calf heifers in pastures (rather than closely confined drylots) during the calving season. Develop heifers well enough to avoid unnecessary calving difficulty. Breed them to bulls with low birth weight EPD's, and then provide early assistance to those cows and heifers that experience problems during the calving process.

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