COW/CALF CORNER

The Newsletter

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Cattle Market Fundamentals Clearer with Improved Drought Conditions

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Through much of the winter, uncertainty about continued drought in major beef cattle regions contributed to uncertainty about cattle industry supply fundamentals. Would 2012 be another year of drought forced liquidation, like 2011, or can the industry get back to responding to growing market signals for herd expansion? This question has significant implications for cattle markets in both the short run and the long run.

The data indicate that heifer retention began in 2009. Despite smaller January 1 heifer inventories, a higher percentage of available replacement heifers were utilized and the number of heifers entering the herd increased. The trend continued in 2010 with another increase in the number of heifers entering the herd, despite a smaller inventory of replacement heifers. Despite continued net national liquidation, by January of 2011 solid indications of herd expansion were in place in several states, mostly in the Northern Plains and Rocky Mountain regions. The Southern Plains drought of 2011 resulted in significant reductions in heifer retention despite continued growth in beef cow herds in more states in other parts of the country.

The January 1, 2012 inventory of beef replacement heifers was 1.4 percent higher than the previous year, setting the stage for more heifer retention…if drought conditions permit. It now appears that drought is unlikely to cause significant additional forced liquidation and thus it will be other factors that determine how much and how fast heifer retention occurs in 2012 and beyond. While active drought is unlikely to cause additional liquidation, the aftermath of the drought with respect to the amount of damage to pastures and rangelands and the time required for recovery is still quite uncertain. While the amount of heifer retention in the drought areas is likely to be limited in 2012, continued or accelerated heifer retention in other areas is likely to result in an increase in the number of beef heifers entering the herd in 2012.

Although heifer retention began in 2009, beef cow herd expansion has yet to begin because high rates of beef cow culling have more than offset increased heifer placements. 2011 was the fourth consecutive year of high cow slaughter rates that have contributed to net herd liquidation. High cull cow prices, driven by a strong hamburger market since late 2008, combined with the drought enhanced slaughter in 2011 have so far prevented net national herd expansion. Improved drought conditions allows for the possibility of the level of significantly reduced cow slaughter that will be necessary to stabilize and eventually increase the beef cow herd. However, strong slaughter cow values will continue to pull cull cows into the meat market and temper the level of cow slaughter decrease.

Net national beef cow herd expansion is not likely in 2012 or at most a fractional increase. Herd expansion is likely to continue in some regions but herd rebuilding in the Southern Plains is likely to be very limited due to the need for grazing deferment to allow for pasture recovery. Given the number of replacement heifers available, a roughly 20 percent year over year decrease in beef cow slaughter will be needed in 2012 simply to stabilize the beef cow herd at current levels. Such a decrease is possible but will be a challenge. Through the first 10 weeks of the years, beef cow slaughter is down about 1.5 percent. Beef heifer retention is likely to accelerate in 2012 to support modest herd expansion in 2013. This emphasizes that the squeeze of tight feeder supplies will accelerate in 2012 and is likely to be even tighter in 2013 and 2014.

Though the cattle industry supply situation is somewhat clearer now than for many months, many market questions remain. First, drought is still a major problem in some areas and could redevelop quickly. That threat is never very far away. The continued upward pressure on cattle and beef prices that result from ever tighter feeder cattle supplies and projected declines in beef production make the demand question increasingly paramount. Continued U.S. economic recovery, the competing meat situation and trade impacts will all play a role in how much and how fast wholesale and retail beef prices can adjust to the higher levels implied by the supply situation. With drought mostly out of the way, at least for now, the clock is started on what will be a slow and long process of herd rebuilding for the next 4-6 years.

Make a Record of Twins

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Estimates of the percentage of beef cattle births that produce twins vary. One estimate (Gilmore) puts the percentage at about 0.5% or 1 in every 200 births. Approximately one-half of the sets of twins should contain both a bull and a heifer calf. Make sure to write down these calf numbers of twin births while they are still nursing the cow. Be certain to **not** retain the heifer born twin to a bull as a replacement female.

Freemartinism is recognized as one of the most severe forms of sexual abnormality among cattle. This condition causes infertility in the female cattle born twin to a male. When a heifer twin shares the uterus with a bull fetus, they also share the placental membranes connecting the fetuses with the dam.

A joining of the placental membranes occurs at about the fortieth day of pregnancy, and thereafter, the fluids of the two fetuses are mixed. This causes exchange of blood and antigens carrying characteristics that are unique to each heifers and bulls. When these antigens mix, they affect each other in a way that causes each to develop with some characteristics of the other sex.

Although the male twin in this case is rarely affected by reduced fertility, in over ninety percent of the cases, the female twin is completely infertile. Because of a transfer of hormones or a

transfer of cells, the heifer's reproductive tract is severely underdeveloped and sometimes even contains some elements of a bull's reproductive tract. A freemartin is genetically female, but has many characteristics of a male. The ovaries of the freemartin do not develop correctly, and they remain very small. Also, the ovaries of a freemartin do not produce the hormones necessary to induce the behavioral signs of heat. The external vulvar region can range from a very normal looking female to a female that appears to be male. Usually, the vulva is normal except that in some animals an enlarged clitoris and large tufts of vulvar hair exist.

Freemartinism cannot be prevented; however, it can be diagnosed in a number of ways ranging from simple examination of the placental membranes to chromosomal evaluation. The cattleman can predict the reproductive value of this heifer calf at birth and save the feed and development costs if he is aware of the high probability of freemartinism. (Source: "The Causes and Effects of Freemartinism in Cattle" by Laurie Ann Lyon.)

In some cases, there are few, if any, symptoms of freemartinism because the male twin may have been aborted at an earlier stage of gestation. Hidden "freemartins" are often difficult to identify if replacement heifers are purchased. Therefore this is another good reason to cull any open (non-pregnant) replacement heifer soon after her first breeding season.