

COW/CALF CORNER

The Newsletter

From the Oklahoma Cooperative Extension Service

April 9, 2012

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Lots of Turbulence and Mixed Signals in Cattle Markets

Derrell S. Peel, Oklahoma State University Extension Livestock Marketing Specialist

Cattle and beef markets have dropped significantly in the last month led by sharp declines in boxed beef prices and Live and Feeder Futures. Cash fed cattle prices have traded erratically lower from highs of \$130/cwt. in early March to \$122/cwt. last week. Feeder cattle markets have also dropped from recent peaks but, not surprisingly, have seen the least impact and among those the least of all in the lightweight calves and stockers.

The problem seems to lie with demand rather than supply. Cattle slaughter continues well below year ago levels and, despite higher carcass weights, total beef production has been down slightly over the past four weeks. The demand picture, however, is clouded by mixed signals. Primal rib and loin prices, though down in recent weeks, are still above year ago levels. However, Choice boxed beef has dropped below year ago levels in the past two weeks. Certainly, the continuing controversy regarding lean finely textured beef is adding to the turbulence and the current weakness. Decreased value of 50 percent trimmings has decreased carcass values about \$40/head, making already negative packer margins that much worse. There is also considerable scrambling in processed meat markets to adjust product flows in both beef and pork markets as a result. Higher gas prices may be one of the biggest factors affecting beef demand currently.

Some of the demand factors should clarify soon. Unseasonably warm weather in much of the country may jump-start grilling demand in the post-Easter period. Uncertainty about export demand may be clarified in the next export data release. The immediate turbulence about lean finely textured beef should begin to clear soon but the overall impact may linger for some time

yet. Gas prices and the summer vacation season will play a big role in beef demand as we move into summer. The next few weeks will provide important clues about the demand challenges for the remainder of the year.

Somewhat removed from the immediate demand issues, cattle producers seem to be proceeding with considerable caution and for very good reason. Warm weather and abundant rain have crops and forages ahead of schedule but assessment of forage conditions is an ongoing process. Warm season grasses are just beginning to green up and the amount of damage from last year's drought is yet to be determined. It appears that both introduced and native warm season grasses may have experienced considerable damage. For both production and financial reasons, we have not seen a major demand jump for cows and heifers yet. I expect the demand to grow modestly over the next month or two but the pace of herd rebuilding will likely remain fairly slow in the Southern Plains in 2012. The wheat crop is generally in very good condition but is running two to three weeks ahead of schedule. Harvest is expected to be early and in similar fashion, grazeout cattle will be pulled off of wheat over the next 2-4 weeks.

Keep or Cull Open Replacement Heifers?? (and Buyer Beware)

Glenn Selk, Oklahoma State University Emeritus Extension Animal Scientist

For some Oklahoma cow calf operations, the bulls go into the breeding pasture with replacement heifers in mid-April. As the bulls are being removed from the replacement heifers in two months, this would be an ideal time to call and make arrangements with your local veterinarian to have those heifers evaluated for pregnancy after another 60 days. In two months after the breeding season, experienced palpators should have no difficulty identifying which heifers are pregnant and which heifers are not pregnant (open). Those heifers that are determined to be "open" after this breeding season, should be strong candidates for culling.

Culling these heifers immediately after pregnancy checking serves three very useful purposes.

- 1) Identifying and culling open heifers early will remove sub-fertile females from the herd. Lifetime cow studies were conducted at a USDA experiment station in Montana. Over the span of 23 years, 1589 replacement heifers were exposed to bulls. Over that number of years 266 heifers were found to be open after their first breeding season. All of these "open" heifers were kept in the herd for an average of 4 years. From the 1006 "cow years" that followed, only 551 calves were produced. In other words, when the heifers that failed to breed in the first breeding season were followed throughout their lifetimes, they averaged a 54.9% yearly calf crop. Despite the fact that reproduction is not a highly heritable trait, it also makes sense to remove this genetic material from the herd so as to not proliferate females that are difficult to get bred.
- 2) Culling open heifers early will reduce production costs. If the rancher waits until next spring to find out which heifers do not calve, the winter feed expense will still be lost and there will be no calf to help eventually pay the bills. This is money that can better be

spent in properly feeding cows that are pregnant and will be producing a salable product at weaning time.

- 3) Identifying the open heifers shortly (60 days) after the breeding season is over will allow for marketing the heifers while still young enough to go to a feedlot and be fed for the choice beef market. The grading change of several years ago had a great impact on the merchandising of culled replacement heifers. "B" maturity carcasses (those estimated to be 30 months of age or older) are much less likely to be graded choice. Therefore, it is imperative to send heifers to the feedlot while they are young enough to be fed for 4 to 5 months and not be near the "B" maturity age group.

Certainly the percentage of open heifers will vary from ranch to ranch. Do not be concerned, if after a good heifer development program and adequate breeding season, that you find that 10% of the heifers still are not bred. These are the very heifers that you want to identify early and remove from the herd.

Producers that are buying replacement females (at a quite hefty price) need to be wary of heifers that were exposed to bulls or artificial insemination/clean-up bulls and remain non-pregnant. This is the easiest opportunity to become pregnant that they will have. If they are still open after that first breeding season, they may be infertile at worst, or sub-fertile compared to other heifers. Remember the old Montana data that suggests that they will be 55% calf crop females the rest of their lives.

“Back to Basics” Field Days

Jeff Jaronek, Oklahoma Beef Council

Beef producers from across the state will have an opportunity to increase their bottom line at the “Back to Basics” Field Days scheduled for this spring.

Hosted by the Oklahoma Beef Council through the beef checkoff program, the field days will focus on teaching producers the necessary tools to determine how culling cows at the proper time and retaining replacements can help maximize producers’ profitability.

The field days will be held at:

- **Pawnee Stockyards – April 20, 2012 (5:30 PM)**
- **Hobart Stockyards – April 26, 2012 (8:30 AM)**
- **Cherokee Sales Company – May 3, 2012 (8:30 AM)**
- **Southern Oklahoma Livestock Auction, Ada – May 10, 2012 (8:30 AM)**
- **Texhoma Livestock Auction – May 17, 2012 (8:30 AM)**

“We will be taking a look back at the basics that can have an impact on producers’ bottom line,” said Jeff Jaronek, director of industry relations for the Oklahoma Beef Council. “We will hear

from veterinarians, livestock specialist and livestock market owners on topics that can add value to their animals and the information shared can certainly help boost profits.”

Producers will be given an opportunity to discuss castration techniques, evaluate teeth wear to determine the age of cattle and experience other areas of Beef Quality Assurance (BQA).

The field days have been approved for 4 hours of continuing education credits for veterinarians.

“We continue to encourage beef producers to implement BQA practices in their herd management program,” Jaronek said. “It can open doors to new marketing opportunities for participating producers and help them become more competitive.”

Participants will be entered to win a Priefert chute courtesy of Priefert Ranch Equipment and Shawnee Feeds. The meal for the field days is sponsored by Novartis Animal Health. For more information and to view a complete agenda, visit www.oklabeef.org. Please RSVP to Jeff Jaronek at (405) 840-3777 or by email at jeff.jaronek@oklabeef.org.

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