

# COW/CALF CORNER

The Newsletter

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

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## **Mixed Market Signals Affecting Cattle Markets**

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

It has been difficult this spring to get cattle and beef markets all operating on the same page. Choice boxed beef, which capped wholesale values below \$200/cwt. for more than a year, finally punched through the ceiling on May 2 and posted a strong May run culminating in record highs of \$211.37/cwt. on Thursday prior to Memorial Day. While Choice boxed beef is likely to drop from the pre-Memorial Day highs, the question is one of how far and how fast wholesale beef prices may drop in the coming weeks. In any event, the strength in Choice boxed beef sets the stage for stronger summer beef demand.

Packers have enjoyed better margins recently as fed cattle prices have not responded in similar fashion as boxed beef prices rose. However, it is important to remember that virtually all of the wholesale beef price increase has been in the Choice market. The Choice-Select spread has widened which limits the impact of higher wholesale values in the fed cattle market. While Choice boxed beef values have increased over \$10/cwt. in May, the wider Choice-Select spread limits the potential increase in fed cattle price to less than \$4/cwt. Despite the potential, fed cattle prices have weakened from highs at the beginning of May to current levels under \$125/cwt. May into June is a difficult period for a fed cattle rally as slaughter numbers increase seasonally. The last three weeks, fed slaughter (steers and heifers) has increased over 4 percent compared to the previous several weeks. However, steer and heifer slaughter in May is down nearly 3 percent from the same period last year. Unexpectedly large beef cow slaughter since mid-March has contributed to more seasonal slaughter pressure in May. If boxed beef holds stronger into the summer, fed cattle prices will likely maintain higher summer values than are currently expected.

Feeder cattle prices have been on the defensive all spring due to a combination of demand and supply factors. Feedlot demand for feeders has been tempered this spring under the weight of record corn prices and continuing feeding losses. The prospects for sharply lower corn prices

should support feedlot demand for feeder cattle into the third quarter of the year. Recent concerns over delayed corn plantings were largely erased with the tremendous corn plantings progress in the past two weeks. Larger feedlot placements in March and April reflected the continuing effects of drought reduced forage supplies and lingering winter weather. The jump in placements was more a question of short term timing than a trend for coming months. May placements will likely be down as feeder supplies continue to tighten for the remainder of the year. Poor forage conditions and delayed forage growth continues to prompt beef cow liquidation and limit summer stocker demand. Recent warm weather and improved moisture conditions in many regions is expected to pull beef cow slaughter down and jump start some summer stocker demand.

## **Another Look at Fall versus Spring Calving**

Glenn Selk, Oklahoma State University Emeritus Extension Animal Scientist

As cow herd managers monitor the pasture conditions this spring and make decisions about rebuilding a depleted cow herd, some may wish to rethink the time of year that breeding and calving take place. New data from Tennessee on a fescue-based forage system gives us more information about the direct comparison between fall and spring calving.

In the April, 2013 edition the Professional Animal Scientist, they reported on nineteen years of data comparing fall and spring calving on an experiment station in that state. Over a span of 19 years, they had data from 478 spring-calving cows and 474 fall-calving cows. The fall calving cows weaned 193 more calves (over those 19 years ) than did the spring calving cows. The spring-born calves grew faster and had higher 205 weights, but the fall-calving herd had increased income because of greater number of calves and a reduced need for replacement heifers.

The endophyte-infected fescue may have been a factor in the summer breeding seasons that resulted in significantly fewer calves per cow over the 19 years. The wild type endophyte (*Neotyphodium coenophialum*) has been shown to reduce a cow's ability to regulate body temperature which would be an important trait in summer breeding seasons. [Source: A comparison of spring- and fall-calving beef herds grazing tall fescue. Campbell, et al., 2013. Prof. Anim. Sci. vol. 29, no. 2, pp 172-178.](#)

On this Memorial Day, 2013, let us all pause a moment to remember those that made the ultimate sacrifice to preserve our freedom! Also we say thanks to those veterans that have returned from foreign and domestic duties. Certainly we express our gratitude to the current members of our military at home and abroad. May they be kept safe and soon come home to family and friends. God Bless America!!

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