COW/CALF CORNER

The Newsletter
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First Look at Fall Grazing Prospects

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Most of Oklahoma has received some rain in the past 10 days with virtually all parts of the state having received moisture the past 30 days. Some critically dry areas remain in the western counties and the Oklahoma Panhandle. The moisture has two impacts, including boosting summer forage production of both pastures and hay; and increasing prospects for wheat pasture this fall. While conditions could turn dry at any time, the soil moisture in place now likely means that early wheat establishment for grazing will be possible. At this point in time, this looks like the best chances for fall and winter grazing in over three years.

Feeder cattle prices have improved significantly since the lows in late May, with most classes of feeder cattle up $10-$12/cwt. Price for heavy feeders have improved proportionately more than for the calves and that has improved the stocker value of gain offered in feeder markets. At current prices, the value of weight gain for stockers is over $1.00/lb of gain for wide range of beginning stocker weights from 400 to over 600 pounds and for weight gain ranging from 250 to 400 pounds. This value of gain reflects the facts that feedlot cost of gain continues to run in well in excess of $1.10/lb in most cases.

Some of the strength in feeder prices already reflects expectations of a large corn crop and a roughly $2/bushel decrease in average corn prices in the coming crop year compared to the 2012-2013 crop year. This suggests the potential for feedlot cost of gain to drop to the $0.80-0.90/lb range. Lower feedlot cost of gain will have implications for the overall demand for feeder cattle and also for the relationship of feeder cattle prices by weight. Lower corn prices imply higher prices for lightweight feeders relative to heavy feeders at a given market level. For example, at the current time, the price of 825 pound steers in Oklahoma is about $144/cwt compared to $160/cwt for 575 pound steers, which is consistent with a feedlot cost of gain of roughly $1.07/lb. If the feedlot cost of gain decreases to $0.85/lb., the 575 pound steer price would increase by roughly $10/cwt with the same price for 825 pound steers. As we move into

the new crop year and lower corn prices, this implies that lightweight feeder and calves will likely increase in price relative to the heavyweight feeders this fall.

What about the overall feeder price level this fall? October Feeder futures are currently trading near $158/cwt. For an 825 pound steer, basis Oklahoma City, this suggests an October price of roughly $156/cwt given average basis levels. However, basis for the heavy feeders has been weaker recently and if that persists into the fall could imply an 825 pound steer price in the range of $148-154/cwt, up $5 to $10/cwt from current levels. Combining the cheaper feedlot cost of gain and these futures price levels suggests that the 575 pound steer price could average from $165 to over $170/cwt this fall. That would imply an 825 pound steer off wheat in early March, 2014 with a breakeven of roughly $149/cwt. March Feeder futures are currently over $159/cwt, which implies an 825 pound steer price of $150-153/cwt. There appears to be some margin potential for fall and winter stockers at this time. Weather conditions, with respect to both corn markets and fall forage potential will be very important, as will the beef demand impacts on wholesale beef and fed cattle prices this fall and into 2014.

Stockpiled Bermudagrass Can Reduce Winter Feed Costs

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Harvested forage costs are a large part of the production costs associated with cow-calf enterprises. For the first time in two years, producers in the eastern two-thirds of Oklahoma will have enough Bermuda grass to consider stockpiling some of the forage for winter feed. An Oklahoma State University trial had the objective to economically evaluate stockpiled bermudagrass. The research found that this practice can reduce cow-wintering costs. Forage accumulation during the late summer and fall is variable from year to year depending on moisture, temperatures, date of first frost and fertility. This strategy requires that an alternative pasture must be available for cattle to graze from late August to November 1.

The OSU research has found that 50 to 100 pounds per acre of actual nitrogen fertilizer applied in the late summer has produced 1000 – 2000 pounds of forage per acre. In some ideal situations even more forage has been produced.

Studies between 1997 and 2000 found stockpiled bermudagrass protein concentrations were quite impressive, even after frost. In November, the range of protein content of the standing forage was 13.1% to 15.2%. The protein held up in December and ranged from 12.5% to 14.7% and declined to 10.9% to 11.6% in January.

To make best use of the stockpiled forage, supplementation with 2 pounds of 14% to 25% protein feed beginning in early December is recommended. Read about these studies in the 2001 OSU Animal Science Research Report. Some information about the forage quality is reported in the 1999 OSU Animal Science Research Report.

The following is a list of recommendations for stockpiling bermudagrass pastures for best results and reducing winter feed bills:

1. Remove existing forage by haying, clipping, or grazing by late August
2. Apply 50 to 100 pounds of actual nitrogen fertilizer per acre.
3. Defer grazing until at least late October or early November.
4. Control access to forage by rotational or strip grazing to cut waste and extend grazing.
5. If cool season forage is available for use in the winter, use the stockpiled bermudagrass first.
6. Supplementation (2 pounds of 14 – 25% protein) should begin in early December.
7. Provide free-choice mineral (6%- 9% phosphorus and Vitamin A) with a trace-mineral package.