

COW/CALF CORNER

The Newsletter

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How Fast Can the Beef Cow Herd Be Rebuilt?

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

Historically, the cattle cycles that the beef industry has observed for many years were self-regulating cycles of inventory driven by internal beef industry factors including calf price levels, beef cattle biology and the rigidity of forage resources used in the industry. It is these factors that influence what cow-calf producers want to do, and that, when combined with the availability and condition of production resources which determine what can be done, result in changes in the beef cow herd inventory. These decisions by cow-calf producers ultimately determine the cattle supply for the entire industry.

Most of the cow herd liquidation that has occurred since 2001, including the aborted herd expansion of 2004 and 2005, were the result of external factors including input market shocks that reduced cow-calf profitability; a U.S. and global recession that tempered cattle prices and producer expectations; and severe drought since 2011. This means that the last 3.4 million head decline in the beef cow herd was not due to typical cattle cycle factors. It has been suggested that the cattle cycle is a thing of the past. I believe that these other factors have masked and overwhelmed cyclical tendencies through this period and do not mean that the cattle cycle is gone or irrelevant in the future. However in situations where drought has forced inventory adjustments that are counter to what producers want to do, the details of how the adjustments happen become important. How we got to where we are will have an impact on how herd expansion will take place in the future.

Since 2007, the calculated number of heifers entering the cow herd has remained above average even while the very high rate of cow culling has resulted in net liquidation and reduction in the

cow herd inventory. In a more typical cattle cycle, the rate of heifer placement decreases at the same time as increased cow culling, with both contributing to herd liquidation. This happened, for example, during the 1996-2001 period of cattle inventory liquidation. In contrast, during herd expansion, heifer placement typically increases simultaneously with decreased cow culling to result in herd expansion (e.g. during 1991-1995). In recent years producers have continued to invest in replacement heifers despite the necessity of reducing herd size as a result of external shocks and drought. The fact that the industry has simultaneously increased cow culling and heifer placements in recent years means that the current beef cow herd is not only the smallest in 60 years, but likely one of the youngest and most productive ever.

At this point in 2013, cow-calf producers appear to have a growing incentive for herd expansion with strong profit prospects and improved forage conditions in many regions. Beef cow slaughter for the year to date is unchanged from last year but is down over 13 percent in the most recent two weeks of data and suggests that the beef industry is back on track of decreasing cow slaughter, a necessary component of herd expansion. However, sharply decreased beef cow slaughter of, perhaps, 8-12 percent for the remainder of the year will result in annual beef cow slaughter down a modest 4-5 percent. Additionally, there are indications that replacement heifers were diverted into feeder markets in the first half of the year, part of the residual effects of drought, reduced hay supplies and extended winter impacts. The combination of larger cow slaughter (smaller than expected reductions) and decreased heifer placements is likely to result in a year over year decrease of 0.75 -1.25 percent in the beef cow herd as of January 1, 2014. There are indications that heifer retention will accelerate this fall with cow-calf producers holding more heifer calves for breeding.

Most herd expansions in the past have included one to two years of minimal or modest herd growth before accelerating for two to three years. Herd expansion prospects for 2014 include both factors that suggest potential for faster than normal growth and factors that will limit growth. The young and productive base herd suggests the potential for one of two years of very minimal cow culling which would contribute to faster growth. A year over year drop in beef cow slaughter of roughly 20 percent in 2014 would correspond to a culling rate of less than 9 percent, a low rate typical of herd expansion. With such a young herd, an even bigger decrease in cow culling is possible (less than 8 percent) but such a large decrease in cow slaughter might result in significant disruption in lean beef (hamburger) supplies. The sharply higher cull cow prices that would result will mitigate some of the decrease in cow slaughter. At that same time significantly more replacement heifers may be reported on January 1, 2014 but it will likely include a higher than normal percentage of heifer calves that will not produce a calf until 2015.

The situation described above suggests that it may be possible to see relatively rapid growth in the cow herd in 2014. Though 2013 is likely another year of herd liquidation, the improvement in conditions in the second half of the year may provide the period of herd stabilization (with little or no growth) that often occurs in first year of herd expansion. As long as drought conditions continue to moderate, beef cow herd growth of two percent is possible in 2014 with another 2-3 percent in 2015. Growth faster than this is unlikely when all factors are considered although slower growth is certainly possible. Among several implications, the reduction in cow and heifer slaughter that this growth implies is expected to lead to a roughly 7 percent decrease in total cattle slaughter in 2014.

Preg Check Now to Avoid Waste Later

Dave Sparks DVM, Oklahoma State University Area Extension Veterinarian

Successful cattle producers have long recognized that fall is the time to pregnancy check cows before they get into the high maintenance costs of winter. It just doesn't make sense to put hundreds of dollars worth of feed, pasture, interest, health care, and labor into a cow that is not going to bring home a paycheck next year. This is even more critical in these times of high feed, fertilizer, fuel, and labor costs. If that cow isn't going to produce, why not replace her with one that will have a calf in the spring or save her part of your winter costs? Not only is now a good time to cull open cows before you spend the winter expenses, but they are probably in the best body condition and weight they will be in until the middle of next summer. A good theory is that every cow must bring in a check every year, either by selling her calf or selling herself. Far too many small to midsized cattle producers are saving pennies by not pregnancy testing while wasting dollars by not knowing which cows are open. Today, every beef producer has a choice of how to pregnancy check their cows.

The old standby for pregnancy checking is rectal palpation. In this procedure the veterinarian enters through the rectum and palpates the reproductive tract through the rectal wall. This should be done by an experienced food animal veterinarian. Although prices vary from one area to another and from one clinic to the next, it should run about \$3.50 to \$4.50 per cow, depending on how many you have done. The accuracy of the test depends on the experience of the operator. One advantage is that the diagnosis is made immediately at chute side allowing the open cows to be marked or sorted off while they are gathered. When this procedure is done by an experienced veterinarian it is fast, accurate, and reasonably inexpensive. Your veterinarian will also occasionally identify cows with reproductive tract problems or heifers with small pelvis size leading to calving difficulty. This allows you to cull these individuals before they become even greater problems for you.

A newer technique is ultrasound pregnancy testing. This requires much more in equipment and training and not all food animal veterinarians employ this technique. The veterinarian inserts a slender probe with an ultrasound transducer on the end into the cow's rectum allowing the operator to "see" the reproductive tract on an ultrasound screen. Again, cost varies with area, operator, and number of cows, but typically is about \$10.00 per cow. Like rectal palpation, a chief advantage is that the diagnosis is immediate, eliminating the need to re-gather the cows to sort off the open individuals. Ultrasound will detect earlier pregnancies than most operators can detect confidently by rectal palpation and also may show pathological conditions that rectal palpation may miss.

A third option for producers is a relatively new blood test developed by researchers at the University of Idaho. This test detects, in a blood sample, the presence of a specific protein that is only produced by the placenta. It is very accurate and can detect pregnancy as early as 30 days post breeding. The cost of the test is \$2.50 per sample, plus the cost of the blood tubes and needles and also the cost of the postage to send it to a lab. More information, including instructions for obtaining blood samples from your animals and ordering information for blood

tubes and needles, can be found at the website www.biotracking.com. With this test it is important to use a clean tube and needle for each individual to prevent cross contamination. You can collect the samples yourself or ask your veterinarian to do it for you. A disadvantage is that it will take several days to be notified of the results so you probably will need to re-gather the cows to sort off the open ones. Another disadvantage is that it only tells you if the cow is pregnant or open and gives no indication of how far along the pregnancy is. Rectal palpation and ultrasound will indicate fairly closely what stage of pregnancy the cow is in.

The cost of keeping an open cow can easily erase the profits of several producing cows. No matter which of these options best suits your operation, put a plug in the money drain of non-producing cows.

Why Not Be Pro-active with Marketing Strategy??

Glenn Selk, Oklahoma State University Emeritus Extension Animal Scientist

How many times have you heard it? “I raise good cattle, but I just take them to town and I take what they give me!” Many Oklahoma commercial cow calf ranchers do a great job of selecting, feeding, caring for, and taking to market top quality cattle, yet do very little, if anything, about promoting the products they sell. Perhaps most of us are not boastful by nature and hope that the quality of the calves we raise will speak for themselves. Nonetheless, doesn’t it make sense that we would do everything in our power to assure that our calves bring top dollar at market time?

Several years ago I read of a commercial cow calf operator that “promotes” his calves. He is confident that his cattle are genetically sound and will perform well for the stocker operator or feedlot that purchases his calves. He pre-conditions the calves. They are properly vaccinated and weaned 45 days before he takes them to market. These management practices all have value to a potential buyer. Therefore, he makes certain that as many buyers as possible know when and where these calves will be offered for sale.

This producer keeps track of all of the previous buyers of his calves. He makes an effort to locate and contact other potential buyers of his weight and breed of calves. Then he composes a short letter telling them that he will be bringing his calves to XYZ Livestock Market on a given sale date. He will include information on the number, weight, breed makeup, and sex of the calves. He will also tell when the steers were castrated, implanted, and when the calves were vaccinated and which products he used. He makes certain that the buyers know that the calves were weaned on a certain date and how they have been fed since weaning. He includes data on previous calves (that have been evaluated in programs such as the O-K Steer Feedout) or closeout data from past buyers that fed out his calves. In other words, he is telling potential customers that they can buy his calves with additional confidence about their performance and their health.

Whether you participate in an organized Value-Added Calf program (i.e Oklahoma Beef Quality Network, or one sponsored by a pharmaceutical company or local livestock market) or whether you simply sell your calves on the regular sale date at the closest market, it makes good business sense to tell buyers that your good calves are available for sale. Don’t just rely on others to tell your story. This fall promote the good quality, healthy cattle that you raise. They deserve it!!

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