

# **COW/CALF CORNER**

The Newsletter

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

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## **Beef Demand Challenges Ahead**

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

Beef production is falling at the end of 2013 and is expected to fall sharply in the coming year. This reduction in beef supply will add significant additional pressure to increase wholesale and retail beef prices. This leads to much concern in the beef industry that beef will “price itself out of the market”. These concerns are understandable and there is indeed much uncertainty about beef markets for the next couple of years. However, it is important to remember how demand works and keep in mind the many factors involved in demand. While there is concern that consumers will buy less beef with higher prices, it is important to keep in mind that there will be less beef on the market and thus a need to ration beef. The economic principle of demand is based on the concept that when a smaller quantity is available, higher prices will ration beef to those consumers who are most willing and able to purchase beef. In general, the idea that higher prices will restrict consumption of beef is precisely what will be needed to balance supply and demand in the coming months.

However, beef demand is very complex. Beef is not a single market but rather consists of many distinct but related markets. At higher prices, there will be much substitution between beef products and also with other protein sources. The unprecedented beef market situation makes it very difficult to know exactly how consumers will adjust the mix of beef products as well as total quantity of beef consumption at record price levels. Quality will be of paramount importance in beef markets at record prices. Especially for middle meats, the ability to support premium beef prices will depend on consistently providing a premium product. The recent increase in Choice grading percentage, due partially to reduced use of beta agonists, may be particularly timely in improving the quality mix of a limited beef supply.

Competing meats will be particularly important as beef pushes to ever higher prices. Both pork and poultry production are expected to increase in 2014, providing more competition with increased availability and moderate prices. Pork production has been tempered in late 2013 by production losses due to the Porcine Epidemic Diarrhea virus (PEDv), which so far has not been controlled. Pork production is currently expected to increase roughly 2.5 percent year over year but if PEDv is controlled a bigger jump in production could occur sometime during 2014. Continued growth in pork exports may relieve much of the pressure on domestic markets, limiting U.S. pork consumption to a less than one percent increase. The broiler industry has spent much of 2013 ramping up production and is expected to increase nearly 4 percent in 2014. Again, expanded broiler exports may take a large percentage of the increase off-shore but U.S. broiler consumption is still expected to increase roughly 2.5 percent in 2014. Wholesale broiler product prices increased in the middle of 2013 but wholesale prices for breasts, wings and legs have dropped sharply recently suggesting perhaps that the broiler market is not getting as much demand support as expected from higher beef prices.

International trade of beef products will also play a critical role in beef demand in 2014 and beyond. Not only do beef exports represent a component of total beef demand, both imports and exports of beef help the market to adjust the quality mix of products in the domestic beef market, thereby improving total value potential. Beef is perishable and what is produced will be consumed. This means that less preferred products will substitute for more preferred products in the domestic market but the result is less total value for the industry. Exporting beef products that have less demand in the U.S. not only expands the total market size, but also allows the industry offer a higher value mix of products to U.S. consumers.

Beef demand in 2014 depends on a variety of factors in the domestic and international market. Continued macroeconomic growth in the U.S. and resulting improvement in consumer incomes is important for continued demand improvement. Factors that directly impact consumer discretionary spending, such as gasoline prices, also have an immediate impact on beef demand. Though progress seems slow, the fact is that beef demand has improved considerably from the recessionary lows in 2010. Beef demand will continue to adjust in 2014.

## **Avoid Nitrate Toxicity During First Winter Storm**

Glenn Selk, Oklahoma State University Emeritus Extension Animal Scientist

Educators often speak of “*a teachable moment.*” Sometimes the most lasting lessons are painful to learn. The predicted blast of winter weather for this week may provide another teachable moment for cow calf producers in the Southern Plains.

Almost as predictable as the coming of the winter season, will be the quickly spread horror story of the death of several cows from a herd that was fed “the good hay” for the first time after a winter storm. Ranchers that have harvested and stored potentially high nitrate forages such as forage sorghums, millets, sudangrass hybrids, and/or johnsongrass, need to be aware (not fearful) of the increased possibility of nitrate toxicity. This is especially true if the cows are fed this hay for the first time after a severe winter storm.

Cattle can adapt (to a limited extent) to nitrate intake over time. However, cattlemen often will feed the higher quality forage sorghum type hays during a stressful, cold, wet winter storm. Cows may be especially hungry, because they have not gone out in the pasture grazing during the storm. They may be stressed and slightly weakened by the cold, wet conditions. This combination of events make them even more vulnerable to nitrate toxicity.

The rancher is correct in trying to make available a higher quality forage during severe winter weather in an effort to lessen the loss of body weight and body condition due to the effect of the wind chill. But if the forage he provides to the cows is potentially toxic, his best intentions can back fire.

The best approach would be to know ahead of time the concentration of nitrate in the hay. Contact your [local County OSU Extension office](#) about [hay sampling details](#). The [OSU Soil, Water, and Forage Analytical Lab](#) can test the hay for nitrate content. If the producer is confident that the hay is very low in nitrate content then use of the hay should be safe. If the nitrate content is unknown, then precautions should be taken. Feeding small amounts of the hay along with other grass hays during the fall and early winter days can help to "adapt" the cattle to the potential of nitrate. This is not a fool-proof concept. If the hay is quite high in nitrate, it can still be quite dangerous. Diluting the high nitrate feed with other feeds can reduce the likelihood of problems.

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