

COW/CALF CORNER

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Beef Market Winter Challenges Continue

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

Another blast of severe winter weather moved across the U.S. this past weekend causing problems for cattle producers and impacting beef distribution and consumption. Cattle and beef markets continue to exhibit volatility in the face of supply and demand disruptions. Boxed beef prices increased sharply last week with Choice values up \$10/cwt to finish the week at \$225/cwt. Fed cattle prices increased to end the week at about \$150/cwt.

Winter weather is contributing to reduced beef production in 2014. Beef production for the year to date is down 6.9 percent compared to last year with total cattle slaughter down 7.5 percent year over year. Reported average cattle carcass weights have averaged about 4 pounds heavier so far this year but this masks some of the underlying cattle production issues. Overall cattle carcass weights are a function of the carcass weights of individual classes of slaughter cattle as well as the composition of cattle slaughter by class. Average steer carcass weights are about a pound lighter so far this year, while heifer and cow carcass weights are slightly heavier. However, steer slaughter is the largest slaughter component and is a larger percentage of total slaughter this year contributing to a higher cattle carcass weight average even with lighter steer carcasses. For the year to date, steer slaughter is down 6.5 percent; heifer slaughter is down 10.7 percent; and cow slaughter is down 11 percent, all compared to the same period last year.

In Oklahoma, cattle producers have faced an unusually large amount of cold weather which has added many challenges to provide water and extra feed for cattle. The cold, dry weather since early January stopped wheat growth and resulted in rapid depletion of wheat pasture. Many winter stockers were marketed early and producers using winter wheat to support cows have had to make other feed arrangements. Oklahoma had generally abundant hay supplies this winter but

increased feed requirements are likely depleting hay supplies quickly. With many entering calving season, there are many challenges managing newborn calves in cold weather. Cow nutritional requirements increase dramatically with calving and lactation and it is a challenge to maintain cows in condition to rebreed on schedule this spring. Feed quantity and quality are both critical after calving to avoid impacts, not only on the current calf crop, but also on reproductive performance that will affect future production.

Winter storms impact cattle performance in feedlots and those impacts will be evident in the market for several weeks. Additionally, later storms that occur during spring calving season have more potential for long term impacts on cattle production for many months. Winter weather takes cattle performance and production out of the system that is never recovered and further reduces beef supplies in an already declining beef production situation.

Oklahoma Quality Beef Network: Summary of Fall 2013 Sales

Kellie Curry Raper, Eric A. DeVuyst, Derrell Peel, Oklahoma State University Agricultural Economics, and Gant Mourer, Oklahoma State University Animal Science

The Oklahoma Quality Beef Network (OQBN) is committed to increasing producer access to value-added marketing opportunities and improving the quality of Oklahoma cattle. One piece of that commitment involves conducting special sales for calves enrolled in OQBN's calf certification programs. OQBN calves are managed according to a specific health management preconditioning protocol designed to improve calf performance throughout the beef supply chain. The combined value of the management protocol and the third party certification by OQBN is expected to increase the value of calves at marketing, as compared to calves sold with no preconditioning.

Producer participation and the number of calves marketed through the Oklahoma Quality Beef Network (OQBN) value-added health management program increased in 2013, relative to 2011 and 2012, as the region began modest drought recovery. OQBN value added calf sales were hosted by several livestock markets around the state in fall 2013. Market data were collected at eight sales, including Cherokee, Elk City, McAlester, OKC West (×2), Blackwell, Pawnee, and Tulsa between October 30, 2013 and December 14, 2013. Data were collected on approximately 4183 OQBN certified calves sold in 343 lots at these designated OQBN sales. Including the OQBN calves, data were collected on a total of 11,927 calves.

Figure 1 illustrates the OQBN premium (weighted average) over non-preconditioned cattle for marketing years 2009-2013. Premiums across that timeframe ranged from \$6.54/cwt to \$9.23/cwt (see Raper and McKinney, 2009; McKinney et al., 2010; Raper et al., 2011). The overall average OQBN premium for 2013 was \$8.65/cwt. Again, this premium and premiums for other years represented are based on the weighted-average price of all OQBN lots as compared to non-preconditioned cattle and do not consider price differences attributable to lot size, weight, breed, hide color, sex, fleshiness, and muscling.

The weighted average OQBN premiums by weight category and gender for 2013 are illustrated in Figure 2. Note again that price differences attributable to other characteristics are not reflected in the weighted-average. OQBN steers and heifers earned market premiums over non-preconditioned cattle in every weight category. Both steers and heifers appeared to garner higher premiums per hundredweight over non-preconditioned calves at lighter weights. Relative to non-preconditioned calves, steer calf premiums ranged from \$7.49/cwt to \$22.15/cwt (weighted average basis) while heifer calf premiums ranged from \$6.33/cwt to \$24.88/cwt (weighted average basis), generally with higher premiums per cwt for lighter weight calves.

Estimated value added to Oklahoma calves based on premiums alone, including the 1281 OQBN calves marketed outside of OQBN sales, is approximately \$341,000.00. Using the Oklahoma Quality Beef Network Budgeting Tool, profit per head for 2013 OQBN calves is estimated at approximately \$54/head when the cost of preconditioning and the benefit of additional weight gain between weaning and marketing is considered. The OQBN budgeting tool is available at www.agecon.okstate.edu/faculty/publications/3943.xlsx.

OQBN's impact reaches beyond the certified sale component. New value-added programs have been developed at participating livestock markets and overall awareness of the value of health management practices has increased. The percentage of Oklahoma's calf crop marketed as value-added increased from 3.06% in 2007 to 6.43% in 2012. See <http://www.oqbn.okstate.edu> for educational information and for more detailed information on the health management protocol and the certification process.

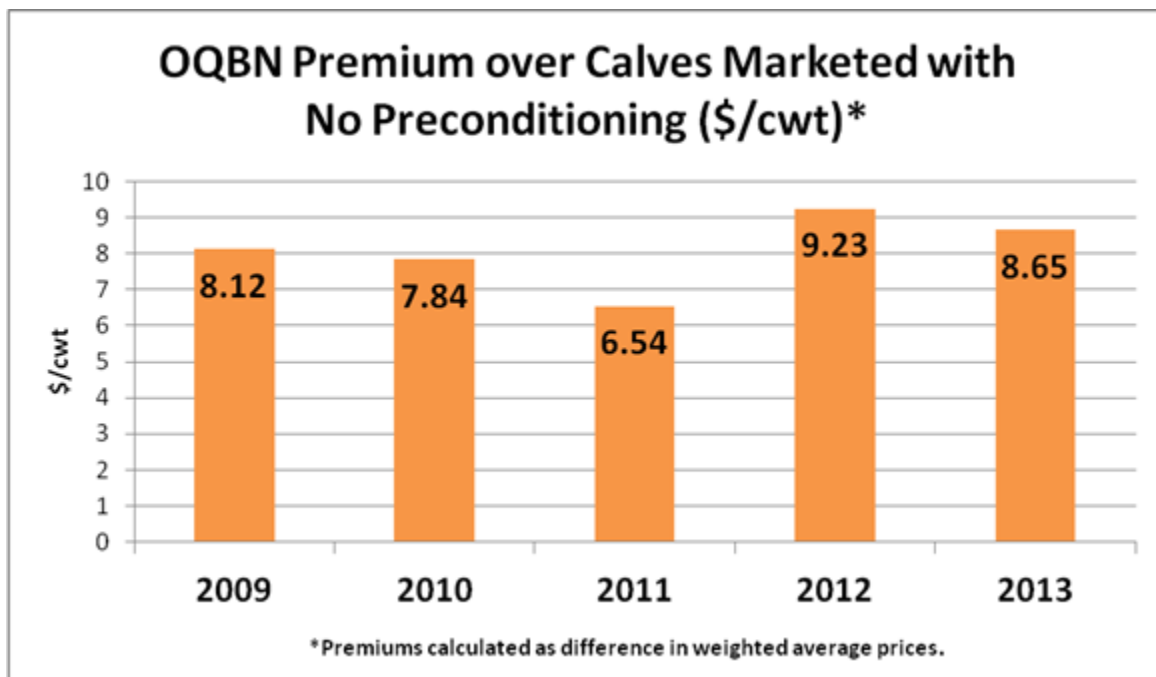


Figure 1. OQBN Premiums at OQBN Calf Sales, Fall 2009 through Fall 2013.

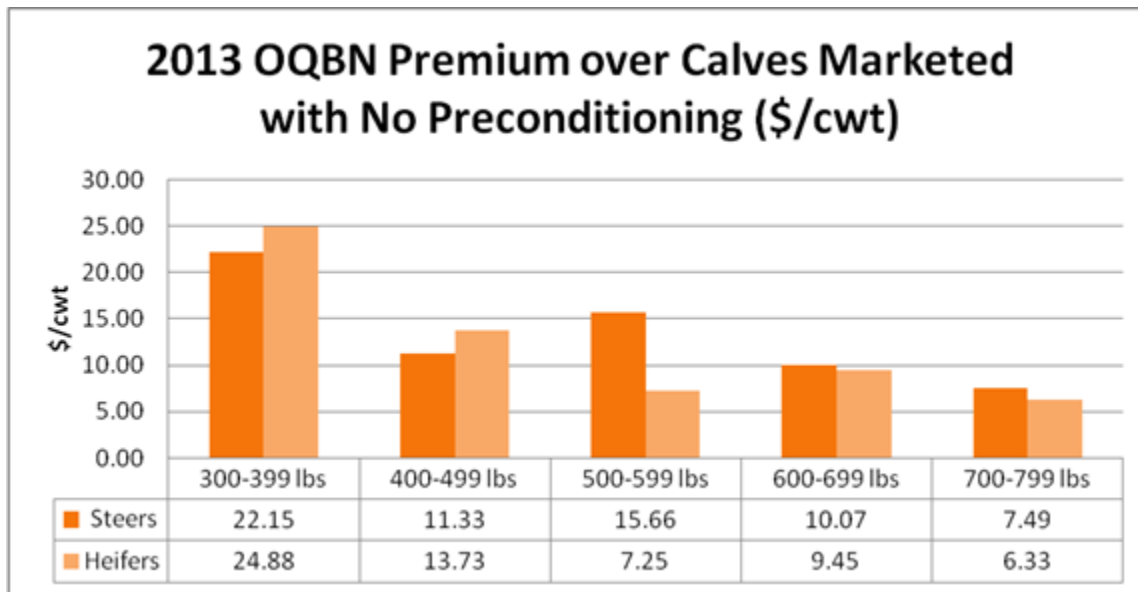


Figure 2. Fall 2013 OQBN Premiums, by Gender and by Weight Category

Don't Buy Calf Scours!

Glenn Selk, Oklahoma State University Emeritus Extension Animal Scientist

South Dakota State University researchers examined the cause of a scours epidemic in one spring calving herd back in 2000. Results of the retrospective, record-based investigation suggested that introduction of foster calves was associated with the calf scours outbreak. Prior to April 5, no scours cases had been observed, despite 39 calves being born. The calf scours epidemic was clearly in swing by the 45th day of the spring 2000 calving season and first cases of the epidemic were observed between the 31st and 40th days (April 5, 2000 through April 14, 2000).

Following April 5, records indicated there was the introduction of at least 2 foster calves. The outbreak commenced shortly after the introduction of foster calves. Foster calves can introduce pathogens to a herd, and can shed calf scours pathogens in their feces even when feces appear normal. Because of this risk, the introduction of foster calves is not usually recommended. If introduced into a herd, foster calves (with their foster dam) should be isolated from the remainder of the herd until all calves are at least 4 weeks old. At that time, it is generally regarded as safe to commingle foster calf pairs with the remainder of the herd. Source: W. B. Epperson. 2003 South Dakota Beef Report.

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