

COW/CALF CORNER

The Newsletter

From the Oklahoma Cooperative Extension Service

April 14, 2014

In this Issue:

Pressure builds on cattle prices

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

Culling order for fall-calving herds when forage is limited

Glenn Selk, Oklahoma State University Emeritus Extension Specialist

Pressure builds on cattle prices

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

With boxed beef prices down sharply from the second rollercoaster high of the year, fed cattle prices may have peaked seasonally. Fed prices are currently holding mostly steady near \$150/cwt. but will likely decrease into May as fed cattle marketings increase seasonally. Cattle slaughter typically increases from April through May to seasonal peaks in June. Fed cattle prices typically decrease from April peaks to summer lows in July. Average price change from current market levels would suggest that fed prices could drop to around \$140/cwt. by July. Given some bunching of placements in the past couple of months, it would not be surprising to see fed prices drop into the mid \$130s, at least briefly, for a summer low. Beef demand, as expressed by wholesale and retail beef prices, will be key through this seasonal supply increase.

Feeder cattle prices have been holding strong as well but are showing signs of weakening from the current peaks. Several factors may contribute to weaker feeder prices in the coming weeks. Persistent drought conditions and delayed spring temperatures are both contributing to growing concern about forage conditions. The clock is ticking on spring pasture and hay development and another 2-4 weeks of delay will limit summer grazing demand and may force some producers move defensively to ensure forage demands can be met. At the same time, delays in corn planting, along with USDA estimates for smaller corn acreage and tighter old crop corn supplies have firmed corn prices. The corn market will be closely watching weather conditions from now on and corn market volatility could add to feeder price pressure.

Slaughter cow prices have pulled back slightly from record levels in the past week or so. This is earlier than the typical May peak in slaughter cow prices. Looming prospects for poor forage conditions could result in counter-seasonal increases in cow culling in coming weeks, much as happened last year in the first half of the year. Thus far, demand for replacement heifers and breeding cows has been strong, especially in the central and northern Plains. Only slight

increases breeding female demand have been noted in the Southern Plains this spring, where drought conditions have been more prevalent, and the demand appears to be diminishing rapidly.

Tight supplies will continue to dominate the market situation and provide strong support for cattle and beef prices. However, seasonal tendencies and a variety of factors will likely pressure feeder and fed cattle prices some in the coming weeks. Factors to closely watch in the next few weeks include: regional drought conditions; crop planting and development; and the PEDv situation and hog markets.

Culling order for fall-calving herds when forage is limited

Glenn Selk, Oklahoma State University Emeritus Extension Specialist

With low cattle numbers in some areas of the United States producers would like to expand their beef herds. However, in much of the western part of the Southern Plains, Mother Nature has not cooperated. Many producers are currently being faced with limited forage availability due to drought and (in a few cases) wildfires. One of the first management tools that should be evaluated for cow/calf producers is to cull poorer producing cows and capture their value at a time when the prices for cows and culled replacement heifers are strong and allow for some capital investment to be used when cattle prices may be lower and forage supplies are more plentiful.

Below is a suggested order of culling for fall-calving herds in the face of diminishing forage supplies.

Culling order:

1. Open (non-pregnant) old cows
2. Open replacement heifers
3. Old cows with unsound mouth, eyes, or feet and legs
4. Open cows of any age
5. Thin cows over 7 years of age (BCS < 4)
6. Very late bred young cows

The first two items on the list are automatic culls in any forage year. Old, open cows are not worth keeping through a low-forage, expensive feeding period. Replacement heifers that were properly developed and mated to a fertile bull or in a well-organized AI program should be pregnant. If they are not bred, there is a likelihood that they are reproductively unsound and should be removed from the herd while still young enough to go to the feedlot and grade choice with an A maturity carcass.

The more difficult decisions come when the producer is short enough in forage and feed supplies that he/she feels the need to cull cows that have been palpated and found pregnant. That order of

culling starts with line 5 on our culling order. This is necessary only when grass and feed supplies are very short. The thin older cows are going to require additional feed resources to have a high probability of being productive the following year and the late bred 2 year olds are least likely to have long-term productivity in your herd.

We pray that spring rains return and allow for forage growth this summer. If that does occur, the reduced stocking rates on native pastures would be helpful in allowing the range condition a chance to recuperate from several years of drought and heavy grazing.

Oklahoma State University, in compliance with Title VI and VII of the Civil Rights Act of 1964, Executive Order 11246 as amended, Title IX of the Education Amendments of 1972, Americans with Disabilities Act of 1990, and other federal laws and regulations, does not discriminate on the basis of race, color, national origin, sex, age, religion, disability, or status as a veteran in any of its policies, practices or procedures. This includes but is not limited to admissions, employment, financial aid, and educational services. References within this publication to any specific commercial product, process, or service by trade name, trademark, service mark, manufacturer, or otherwise does not constitute or imply endorsement by Oklahoma Cooperative Extension Service.