

COW/CALF CORNER

The Newsletter

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More rain in Oklahoma and feeder cattle price adjustments

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Most of Oklahoma received rain in the past week with roughly half the state receiving 1 to over 3 inches and a few areas receiving even heavier rains that filled ponds which have been low or dry for many months. Forage growth, which had just begun to stall under summer heat, has picked back up. Summer heat is forecast to return this week and, along with high humidity from recent rain, will lead to sweltering heat indices that will impact both cattle and the producers who care for them.

Cattle markets once again appear to have topped...at least for now. Both boxed beef cutout and fed cattle prices were lower last week compared to the week prior although fed prices did move higher last Thursday and Friday from mid-week lows. Feeder markets were lower last week with the sharpest declines on lightweight feeders compared to heavy feeders. Feeder markets were no doubt heavily influenced by the sharp correction in Live and Feeder cattle futures the past week and a half. Cattle futures showed signs of stabilization and some recovery late last week and this adds to questions of what to expect in the next month or so.

Interestingly, last week's cash feeder cattle prices suggest that additional price adjustments are ahead. As hard as it is to say at these price levels, the decrease in lightweight feeder cattle prices, combined with improving (decreasing) feedlot cost of gain suggests that lightweight feeder cattle are somewhat undervalued relative to heavy feeder cattle from a feedlot perspective. Feedlots face rising breakevens due to high feeder cattle prices and are no doubt concerned about future fed cattle prices and view the lightweight feeders as more risky. Fed cattle futures in coming months are not sufficient to cover projected feedlot breakevens. Feedlots

may also be holding back temporarily to get closer to corn harvest and the expected additional decrease in feed costs.

In the meantime, lower stocker prices increase the market incentives to add weight to feeder cattle as indicated by stronger stocker value of gain. Current cash feeder cattle prices indicate a gross value of gain of \$130/cwt or higher for feeder cattle from 400 to 900 pounds. Feeder futures, after the recent futures correction, will not allow locking in quite that much margin for this fall or next spring, but decent pricing opportunities exist and may improve in the next few weeks. However, lightweight cash feeder prices are likely to increase relative to heavy feeder prices in the next few weeks. This may occur as either an increase in stocker prices or a decrease in heavy feeder prices. Seasonal patterns suggest that both stocker and feeder prices typically decrease into the fall but stocker prices may decrease little or could increase if fall and winter grazing prospects appear good in the next two months.

New data in two USDA reports this week may help sort out some of the market uncertainty. The monthly Cattle on Feed report may shed light on fed cattle marketings and coming beef supplies. Additionally, the cattle on feed report will provide the quarterly breakdown of feedlot inventories by class and thus provide additional indication of heifer retention in the heifers on feed inventory. The reinstated mid-year Cattle report will provide a snapshot of cow herd and replacement heifer inventories and estimated feeder supplies along with the estimated 2014 calf crop. The report will be difficult to interpret as there will be no prior year comparison but is eagerly anticipated nonetheless.

Stockpiled bermudagrass can reduce winter feed costs

Glenn Selk, Oklahoma State University Emeritus Extension Animal Scientist

Harvested forage costs are a large part of the production costs associated with cow-calf enterprises. 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. The OSU research has found that 50 to 100 pounds of actual nitrogen fertilizer per acre 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% crude protein. The protein held up in December and ranged from 12.5% to 14.7% crude protein and declined to 10.9% to 11.6% crude protein in January.

To make best use of the stockpiled forage, supplementation with 2 pounds per head per day of 14% to 25% protein feed beginning in early December is recommended.

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

Late August will be soon be upon us. The old forage needs to be removed. Fertilizer spreading must be planned and scheduled. It is not too early to begin to plan the process of stockpiling bermudagrass for this fall and winter.

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