

COW/CALF CORNER

The Newsletter

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Cattle markets weather a Christmas storm

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All the ingredients came together to cause a significant break in feeder cattle markets in the last week of cash market trading before the Christmas and New Year's holiday break. The impact on cash feeder cattle markets came after several days of sell-off in Feeder futures. The futures market decline was the result of liquidation of relatively large long positions in Feeder futures markets that are illiquid and thinly traded. The final ingredient affecting the Feeder futures market, and ultimately the cash feeder cattle market, was the timing of these actions immediately prior to the holiday break.

The fact that these activities occurred near the holidays played a large role in the severity of the futures market impacts and the fact that it spilled over into cash markets. The period between Thanksgiving and Christmas is not a generally a period of strong cattle market direction as meat markets are focused on holiday demand and traders are typically content to close out the year and start fresh after New Year's. That said, recent weakness in fed cattle and boxed beef prices had led to a feeling that cash feeder cattle markets were near the top after an incredible market run and that Feeder futures were somewhat overbought. As a result, when significant selling pressure hit Feeder futures, buyers, with an end-of-year mindset, were willing to let futures lock limit down for several days before expanded daily limits encouraged buying that put a floor in what was clearly an oversold market at that point. Feeder futures bottomed and began recovering late last week. The bearish psychology spilled over into cash feeder cattle markets for the last round of auctions for the year. Cash market buyers were either already out of the market for the holidays or content to sit on their hands until the futures market drama was over; leaving cash markets on a weak tone at the end of the year.

What does this mean for feeder cattle markets in January? Feeder futures have several more days to trade before the end of the year and, with most cash markets closed, will likely be dominated by technical trading to fill the gaps caused by the recent freefall. This is expected to leave Feeder futures contracts priced at the end of the year well above the recent bottom but lower than the arguably overbought levels prior to the sell-off. If this happens, the incident may be largely forgotten by January. It's important to remember that market fundamentals have not changed and feeder markets in January will be back to sorting out the realities of limited supplies; the demand for feeder cattle; and the broader market fundamentals for cattle and beef.

The first half of January is, like the pre-holiday period, a difficult time to determine cattle and beef market trends. Often there are many unknowns about the overall economic situation regarding holiday spending as well as uncertainty about beef demand in the post-holiday period. There are typically disruptions in beef supplies and shipments during the holidays and it takes time in January to sort out these "pipeline" issues from underlying demand. Feeder cattle markets sometimes see relatively large volumes in early January as producers market cattle carried into the New Year for tax reasons. There are growing indications that there may be larger than usual January volumes of these "tax" cattle because of the strong 2014 cattle revenues that producers enjoyed. Producers who want to market cattle early in the year but have some flexibility in timing may benefit from holding, or being prepared to hold, cattle at least until the second half of January. It will be difficult and likely misleading to try to assess cattle market trends until mid to late January.

Severity of winter and impact on calf birth weights

Glenn Selk, Oklahoma State University Emeritus Extension Animal Scientist

Does the severity (coldness or mildness) of the winter have an impact on spring-born calf birth weights? Ranchers have asked that question during many springs and veterinarians have speculated for years. The debate rages on! This is obviously a difficult subject to research because you cannot have a "control" group of cows to compare to a "treatment" group that is exposed to a cold winter while still running on the same pasture. Therefore research data on this subject is limited.

University of Nebraska researchers (Colburn and co-workers) have done the next best thing. They have monitored the birth weights of genetically similar calves across three different winters and have related average winter temperatures to birth weights. A 3-year study was conducted to evaluate effects of high and low air temperatures and wind chills during winter months on subsequent calf birth weights and calving difficulty of spring-born calves. Records on approximately 400 2-year-old heifers and their calves were used. Heifer and calf genetics were the same each year. Heifers were fed similar quality hay free-choice each year before calving. High temperatures during the 1994-95 winter were 9 degrees higher than during the 1992-93 winter. The low temperatures were five degrees higher for 1994-95 compared to 1992-93. The greatest differences in monthly temperatures between years were found during December, January and February. Average temperatures for these three months increased 11 degrees F over the three years. Average calf birth weights decreased 11 pounds (81 to 70) from 1993 to 1995. A 1:1 ratio was observed. Although calving difficulty was high due to the research design, it also

decreased from 57% to 35% from 1993 to 1995. Results indicate that cold temperatures influenced calf birth weight. Weather cannot be controlled; however, **if** we have below average winter temperatures, larger birth weight calves and more calving difficulty may be expected in the spring.

Other data that may shed some light on this subject, comes from Oklahoma State University in 1990. Birth weights of 172 fall born calves and 242 spring born calves were compared. These calves were the result of AI matings using the same bulls and bred to similar crossbred cows. The fall born calves averaged 4.5 pounds lighter at birth than their spring born counterparts (77.7 vs 82.2). One possible explanation for this phenomenon, the changing of blood flow patterns of cows gestating in hot weather versus cold weather. During hot weather blood is shunted away from internal organs toward outer extremities to dissipate heat, while the opposite is the case in very cold weather with blood flow directed toward internal organs in an effort to conserve heat and maintain body temperature. This change in maternal blood flow may impact fetal growth in a small way, but result in a measurable difference.

Merry Christmas to all!!

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