

# COW/CALF CORNER

The Newsletter

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In this Issue:

## **U.S. meat markets struggling**

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

## **Oklahoma Quality Beef Network 2014**

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

## **Dietary changes needed for early lactation beef cows**

Glenn Selk, Oklahoma State University Emeritus Extension Animal Scientist

## **U.S. meat markets struggling**

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A myriad of factors are joining forces to create significant challenges for beef, pork and poultry markets so far in 2015. These include supply and demand factors, domestic and international factors, and short and long term factors. Many of the factors are affecting all meat markets while others are specific to individual meats.

International demand for U.S. meat is being dampened by the strong dollar, which makes U.S. product more expensive in global markets. This is particularly challenging for beef, which is already high relatively to other meats due to limited supplies. In the case of pork, falling U.S. prices due to increased production are offset to some extent in international markets by the strong dollar. Meat exports are being further disrupted by the backlog at west coast ports. The inability to move perishable product out of the ports has resulted in reduced export demand and diversion of meat back into domestic markets. Cold storage holdings of red meat and poultry were up significantly in January, partly as a result of the port slowdown. Settlement of the labor dispute this past week will improve conditions but it will take several weeks for port operations to return to normal. Simultaneous to reduced export flow of meat, a series of severe winter storms has crippled population centers in the eastern U.S. disrupting normal meat shipments and reducing meat demand domestically.

Pork production is increasing rapidly with planned expansion enhanced by smaller than expected PEDv impacts. The PED virus, while still circulating in U.S. pig herds, is having less impact this winter due to a combination of vaccine effectiveness, natural immunity and improved biosecurity

which limits that spread of the virus among hog farms. Pork production is expected to increase four to five percent in 2015 and with little growth in pork exports expected, the majority of the increased production will be consumed domestically. Abundant supplies of European pork are finding their way into many global markets increasing the competition for U.S. pork. Wholesale pork values are falling and sharply lower hog prices may curtail production at some point but not likely before the end of the year or into 2016.

Poultry production is also expanding in 2015 on lower feed prices and improved returns in 2014. A nearly four percent increase in broiler production is expected in 2015 and, like pork, broiler exports are likely to see only slight growth leaving most of the increase in broiler production to fall on the domestic market. Broiler wholesale values are higher than year ago levels for breast meat and wings, though sharply lower for legs. However, increased broiler supplies and falling pork values will likely weigh on broiler product values in the coming weeks.

The challenges for the beef industry are particularly troublesome. Beef production is expected to decrease another one percent in 2015, in addition to the nearly 6 percent decline in 2014. Yet the pressure for higher beef prices that accompanies limited supplies is running headlong into weaker export demand, aggravated by the strong dollar; the domestic market disruptions described above; and growing pork and poultry supplies that sharpen the competition among meat in the domestic market. Falling pork wholesale values have led to an extremely wide beef to pork wholesale price ratio limiting the ability of beef prices to advance. Beef wholesale values, after a brief rally in early January dropped sharply into February and have managed only to stabilize recently despite lower beef production.

In the latest Cattle on Feed report, feedlot inventories were about even with one year ago. January placements were down 11 percent from one year ago. Delayed feedlot marketings, down nine percent year over year in January, have allowed feedlot inventories to hold close to year ago levels but feedlot production continues to fall. Total feedlot placements in the past six months are down 3.8 percent from one year ago and the 12 month moving average of placements is at the smallest level since July 1996. Feedlot marketings and cattle slaughter will continue lower year over year in 2015.

## **Oklahoma Quality Beef Network 2014**

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

The Oklahoma Quality Beef Network (OQBN) was established to aid producers in taking advantage of “value added” marketing opportunities in Oklahoma. To be able to accomplish this mission a clear line of communication is need to all segments of the beef industry. OQBN is that communication system and it also is an educational tool where all cattle producers can learn what effects their price at marketing and how their cattle need to perform from pasture to plate.

One clear message cattle buyers have been sending for many, many years is that health of cattle when leaving the ranch effects the industry as a whole. In fact, in 2001 it is estimated that Bovine Respiratory Disease cost the industry 800-900 million dollars annually. To help combat that huge loss, OQBN started a Vac-45 program for cattle that have been weaned and well managed for 45 days or longer,

(visit <http://www.oqbn.okstate.edu/> for specific requirements). These calves are then third party verified on the ranch before shipment.

In 2014 OQBN enrolled over 6,400 calves selling both at auction and private treaty, increasing enrollments by 16% over 2013. Several livestock markets hosted OQBN verified sales selling almost 4,300 head at those verified sales across Oklahoma. Records were recorded on 10,079 calves being sold at auction including the 4,300 OQBN verified calves. The premium for 2014 was \$18.99/cwt for all OQBN calves as compared to non-preconditioned cattle. Figure 1 illustrates premiums broken out by weight and sex for 2014.

For additional information or questions about the Oklahoma Quality Beef Network, contact your local OSU Extension Office or Gant Mourer, OQBN Coordinator at 405-744-6060 or at [gantm@okstate.edu](mailto:gantm@okstate.edu). Additional information may also be found at [www.oqbn.okstate.edu](http://www.oqbn.okstate.edu).

## **Dietary changes needed for early lactation beef cows**

Glenn Selk, Oklahoma State University Emeritus Extension Animal Scientist

Beef cow owners have known for years that body condition at calving time is a critical determinant in the re-breeding performance of the cows during the next breeding season. Another key factor that impacts return to estrus cycles and re-breeding is the maintenance or loss of body condition after calving and before breeding. Cows losing body condition after calving and before the breeding season will be slower to return to heat cycles and rebreed at a lower rate. Therefore it is necessary that the cow manager understand the change in nutrient requirements of beef cows as they change from gestating cows to early lactation cows.

Using an example of a 1200 pound cow in late gestation, one can examine the nutrient increases as she delivers the calf and starts to lactate. Look in the Oklahoma State University [Extension Circular E-974 Nutrient Requirements for Beef Cattle](#). A 1200 pound late gestation cow requires 1.9 pounds of crude protein daily and 12.9 pounds of Total Digestible Nutrients (TDN). She can consume voluntarily 24 pounds of dry matter feed/day. The same cow after calving will weigh at least 100 pounds less (birth weight of calf, placenta, and fluid loss). An 1100 pound cow in early lactation requires 2.9 pounds of protein each day. That is a 52% increase in protein needs. Her energy requirements go up substantially as well. She needs 16.8 pounds of TDN each day (if she is an average milking beef cow). This represents a 30% increase in energy intake per day. Her daily dry matter intake also increases from 24 to 29 pounds but this represents only a 20% increase.

As we examine this example it is very clear that the cow will voluntarily consume a small increase in dry matter, however her needs in protein and energy both increase in larger percentages. Therefore an increase in both diet quality and quantity is necessary after calving to insure that body condition is maintained into and through the breeding season.

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