COW/CALF CORNER

The Newsletter

From the Oklahoma Cooperative Extension Service
March 16, 2015

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Beef trade troubles

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

I dislike the term "perfect storm" because it is too frequently used and too casually applied to many situations. However, it is an appropriate description of international cattle and beef trade in early 2015. Several factors joined forces simultaneously to seriously impact beef exports and imports so far this year. The situation in 2015 is a continuation of trade issues that developed in 2014. Total beef production decreased nearly 6 percent in 2014 and resulted in dramatic increases in U.S. cattle and beef prices. A rapidly strengthening U.S. dollar in the second half of the year further exaggerated prices both with respect to U.S. exports and imports, making U.S. exports more expensive and imported beef more attractive in the U.S. market.

Beef exports were mixed to major export destinations in 2014, compared to 2013, with increased exports to South Korea (up 19 percent); Hong Kong (up 16 percent) and Mexico (up 8 percent) offsetting decreased exports to Canada (down 22 percent) and Japan (down 1 percent) and holding total exports to a less than one percent decrease. Continued growth in beef exports pushed the Hong Kong total, which surpassed South Korea in 2013, past Canada to be the number three U.S. beef export destination behind Japan and Mexico in 2014. Total 2014 beef imports were up 31 percent, year over year, with increases from all major import sources. Import increases were led by Australia (up 74 percent); Mexico (up 23 percent); New Zealand (up 14 percent) and Canada (up 12 percent). The majority of U.S. beef imports are processing beef, largely for ground beef, the demand for which was enhanced in 2014 by a 14 percent drop in U.S. cow slaughter.

The west coast dock slowdown that developed in late 2014 culminated in severe disruptions in meat exports by January of this year. The combination of adverse economic values and hampered logistics dealt a serious blow to beef exports in January. Total exports in January were down 19 percent year over year with decreased export quantities to all major beef export destinations including Hong Kong (down 33 percent); South Korea (down 28 percent); Canada (down 24 percent); Japan (down 15 percent) and Mexico (down 11 percent). The dock dispute has been settled but it will likely take several more weeks for port movement to return to normal. In the meantime, some beef that would have been exported was diverted back into domestic markets on top of the winter weather impacts that slowed beef movement and demand in the U.S.

Interestingly, the dock situation seemed to have less impact on beef imports which jumped dramatically in January. January beef imports were up 64 percent over January, 2013, led by Australia (up 124 percent); New Zealand (up 38 percent); Mexico (up 35 percent) and Canada (up 18 percent). Beef imports from Uruguay and Nicaragua were also up sharply year over year. Increased beef imports reflect continued strong demand for lean beef, primarily for ground beef.

U.S. cattle imports were up 16 percent in 2014 from one year earlier as U.S. cattle market prices and the strengthening dollar attracted more cattle form Canada and Mexico. Total feeder cattle imports were up 20 percent year over year, consisting of a13 percent increase in Mexican cattle imports and a 38 percent increase in Canadian feeder cattle. Canadian slaughter cattle imports were up 7 percent in 2014 compared to year earlier levels. Recently released Canadian cattle inventories indicate that cattle numbers continue to fall in Canada and that herd rebuilding has not yet begun. Anticipated increases in heifer retention in both Canada and Mexico may limit cattle exports from both countries to the U.S. in 2015 January cattle imports were down a combined 14 percent year over year with Canadian numbers down 26 percent and imports of Mexican cattle down 3 percent. Total cattle imports consisted of a combined three percent decrease in feeder cattle imports and a 33 percent decrease in imports of Canadian slaughter cattle. Despite tight cattle numbers and potential heifer retention, strong U.S. cattle prices and weaker Canadian and Mexican currencies will keep the incentives to export cattle to the U.S. strong.

Improvement in the port situation should improve the flow of beef in the coming weeks. Moving forward in 2015, it's not clear whether the dollar will continue strengthening relative to other currencies but U.S. beef and cattle prices will remain high in any event. The surge in beef imports from Australia has been fueled by drought-forced liquidation and unsustainable levels of Australian beef production. Continued drought may result in additional Australian cattle liquidation but possibly at a slower pace as cattle inventories decrease. Drought improvement could lead to sudden decreases in beef exports from the country if rebuilding should begin. Though some of the factors adversely affecting beef trade may improve, it is likely that U.S. beef exports will continue weak and drop more in 2015 while beef imports will likely remain elevated.

Bull management prior to the breeding season

Glenn Selk, Oklahoma State University Emeritus Extension Animal Scientist

Before the breeding season begins, a few simple management procedures involving the bulls can increase the likelihood of a high pregnancy percentage among the cows.

Any rancher that purchases a young, highly fitted or conditioned bull should plan to gradually reduce the fleshiness of the bull before the breeding season. To let these bulls down, it is a good practice to start them on a ration that is not too dissimilar to the one to which they have been accustomed, but that the concentrate portion is 60 to 70 percent of their previous intake. The amount of grain can be reduced at the rate of about 10 percent per week until the desired level is achieved. At the same time, substitutions should be made in the form of quality forages--such as high quality grass hay or alfalfa hay. Ideally, this letdown should be completed prior to the time bulls are turned out. Dramatic nutritional changes can have an adverse effect on semen production, so it is important that these ration modifications be done gradually. Producers need to try to keep the total diet of these young bulls at, or near, 12% crude protein. Therefore the forage needs to be excellent quality. Allow the change of diets to take place gradually, instead of allowing a rapid condition and weight loss during the first of the breeding season, which could be reflected in a reduced calf crop next year.

Other bull management strategies include the following:

1) In multi-sire pastures, make certain that the bulls that will be pastured together have been in a common trap or pasture prior to the breeding season. Bulls WILL establish a social hierarchy. It is better to get this done before the breeding season begins rather than wait until they are first placed with the cows.

2) Put young bulls with young bulls and mature bulls with mature bulls. Mixing the ages is will result in the mature bull dominating the younger bull completely, and in some instances causing a serious injury. If the plan is to rotate bulls during the breeding season, then use the mature bulls first, and follow with the yearling bulls in the last third of the breeding season. In this way, the young bulls will have fewer cows to settle, and will be 1 - 2 months older when they start breeding.

3) Check the feet and have hoof trimming completed at least 30 days prior to the start of the breeding season to avoid lame or sore-footed bulls at the important beginning of the breeding season.