

COW/CALF CORNER

The Newsletter

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Unique U.S. beef and cattle trade situation continues

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

The unique U.S. beef and cattle trade situation that developed in 2014 has continued in 2015. Falling beef production is keeping beef supplies tight and prices near record levels in the U.S. This discourages beef exports and attracts more beef and cattle imports. Both imports and exports are further enhanced by the strong dollar. Though dollar appreciation has leveled off recently, continued global macroeconomic uncertainty is likely to keep the dollar strong for the time being.

In May, beef exports decreased 14.4 percent year over year with exports to all major export destinations (Japan, Canada, Mexico and Hong Kong) down except South Korea which was unchanged from last year. Year to date beef exports are down 9.5 percent from last year. May beef imports continued larger year over year with the monthly total up 24.8 percent from one year ago and up 37.3 percent for the year to date. Beef imports in May were up most from Australia and Mexico among major sources and were also up sharply from smaller sources including Brazil and Uruguay. Total cattle imports in May were down 10.3 percent from last year and are down 9.2 percent year over year for the year to date.

The dramatic increase in U.S. beef imports in 2014 and so far in 2015 has been led by increased imports from Australia. This is the result of unique circumstances in Australia as well as the U.S. U.S. imports of Australian beef were up 41 percent year over year in May and are up 64.8 percent for the year to date. This follows a 74 percent year over year increase in 2014. A prolonged drought in Australia has led to increased slaughter, beef production and beef exports along with decreased herd inventories. The Australian beef cow herd has declined over 1 million

head since 2013. Though the drought continues in Australia, it appears that cattle slaughter and beef production have peaked. Beef production is expected to decrease in 2015 and may lead to decreased U.S. imports of Australian beef in the second half of the year. At the current pace, Australia could hit the beef tariff rate quota by this fall. Beyond 2015, U.S. imports of Australian beef are not likely to grow and will decrease when drought conditions permit herd rebuilding in Australia.

In Canada, declining herd inventories is resulting in decreased feedlot production, beef production, and cattle exports. U.S. beef exports to Canada were down 15.6 percent in May compared to last year and are down 12.9 percent for the year to date. U.S. imports of Canadian beef were up a scant 1.2 percent year over year in May and are up 4.5 percent for the year to date. In the face of declining Canadian beef production, imports of Canadian beef may drop below year earlier levels in the last half of 2015 and may decrease year over year on an annual basis. Decreased imports of Canadian cattle are led by a 47 percent year to date decrease in slaughter steers and heifers and a 27 percent year decrease in slaughter cows and bulls compared to one year ago. Year to date imports of Canadian feeder cattle are unchanged from last year but the composition of those imports is significantly different compared to last year. After jumping sharply last year, imports of feeder heifers are down 21 percent compared to last year while steers are up 48 percent year over year. This may indicate planned heifer retention in Canada. However, severe drought conditions in the Canadian prairie this year is likely postponing herd rebuilding and may contribute to additional herd liquidation.

So far in 2015, U.S. imports of Mexican beef have continued to expand, up 26 percent in May and up 39 percent for the year to date compared to last year. Beef exports to Mexico dropped 33 percent year over year in May and are down 23 percent for the year to date. U.S. imports of Mexican cattle were up 27.6 percent in May and are up 8.1 percent year over year for the year to date. Imports of Mexican heifers for the year to date are 23 percent below year ago levels while steer imports from Mexico are up 15 percent so far this year. In 2014, imports of Mexican heifers were up 23 percent year over year. Decreased exports of heifers from Mexico may be an indication of heifer retention. Forage conditions in Mexico are generally good and supportive of herd expansion. Mexico's ability to maintain cattle exports and increased beef exports may be constrained if herd expansion accelerates.

Oklahoma Quality Beef Network Fall Sales Set

Gant Mourer, Oklahoma Beef Value Enhancement Specialist

Once again the Oklahoma Quality Beef Network (OQBN) is preparing for fall sales. Last winter proved to be challenge for many in the state due to lack of rain, and this summer has presented challenges for some producers with too much rain. Pasture conditions are in good shape and we haven't seen any days over 100⁰ yet. At this point many producers are deciding how to market calves this fall. With continuing high cattle prices, the decision to precondition calves prior to shipping will be much harder for some. Many management options exist and even with increased prices, those management options are still valuable to producers and may have more value than many think.

The Oklahoma Quality Beef Network (OQBN) is available to aid producers in making preconditioning decisions and capturing value of preconditioned calves when it becomes time to market. OQBN is a program, which began in 2001, and is a joint effort by Oklahoma Cooperative Extension Service (OCES) and the Oklahoma Cattlemen's Association. At its core, OQBN provides improved communication among producers of all segments of the beef industry and allows for increased education while providing tools to improve access to value-added programs. One way in which this is done is through the OQBN Vac-45 health verification program. Cattle meeting the management requirements are verified through OCES and can be marketed as OQBN Vac-45 cattle. Once verified producers have the option but are not obligated to market cattle in a certified OQBN sale.

The program benefits both buyers and sellers in several ways, including reduced shrink, improved immune system, and weight gain during the weaning period increased market demands and feedlot performance. In addition to healthier, heavier calves when sold, sellers may earn higher prices per/cwt. In 2014, OQBN participants realized almost \$20.00/cwt premium over cattle that had no weaning or health history. The value of gain for those calves continued to be well over a 1\$/lbs and cost of gain continued to hover around 0.75\$/lbs with death loss less than 0.5% and many producers seeing 0%. Buyers offset purchase prices by very low death loss themselves with many turning cattle out on wheat pasture right when they got home. Those cattle also gained 2-3 lbs from day one.

The following is a list of several OQBN sales scheduled this fall across the state. For a producer to take advantage of these value-added opportunities, the cattle must be enrolled in the OQBN Vac-45 program, follow one of three health protocols, weaned by the deadline, and third party verified by extension personnel.

Location	Contact	Phone Number	Sale Date	Wean Date
Cherokee Livestock	Tim Starks	580-596-3361	October 28, 2015	September 13, 2015
Elk City Livestock	Brandon Hickey	580-497-6095	November 6, 2015	September 22, 2015
McAlester Stockyards	Lindsey Grant	918-423-2834	November 10, 2015	September 26, 2015
OKC West	Bill Barnhart	800-778-9378	November 11, 2015	September 27, 2015
Pawnee Livestock	Calvin Buchanan	918-852-5271	November 14, 2015	September 30, 2015
Blackwell Livestock	Gary or Grady Potter	580-363-9941	November 21, 2015	October 7, 2015
Tulsa Stockyards	Joe Don Eaves	918-760-1300	December 7, 2015	October 23, 2015
OKC West	Bill Barnhart	800-778-9378	December 9, 2015	October 25, 2015

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. Additional information may also be found at www.oqbn.okstate.edu

The “positive associative effect” of high protein supplements

Glenn Selk, Oklahoma State University Emeritus Extension Animal Scientist

For the first time in several years, Oklahoma has substantial standing forage in most pastures as we go into late summer. As the day length shortens, plants become more mature and lower in protein content. However, the protein requirements for growth, milk production, and body weight maintenance of beef cattle do not decrease as the “dog days of summer” arrive.

The micro-organisms in the rumen of beef cows and replacement heifers require readily available protein to multiply and exist in large enough quantities to digest the cellulose in low quality roughages. Protein supplementation of low-quality, low protein forages results in a “*positive associative effect*”. This “positive associative effect” occurs as supplemental protein available to the “bugs” in the rumen allows them to grow, multiply, and digest the forage more completely and more rapidly. Therefore the cow gets more out of the hay she consumes, she digests it more quickly and is ready to eat more hay in a shorter period of time. Data from Oklahoma State University illustrates this (Table 1). The prairie hay used in this study was less than 5% crude protein. When the ration was supplemented with 1.75 lbs of cottonseed meal, retention time of the forage was reduced 32% which resulted in an increase in feed intake of 27%. Because hay intake was increased, the animal has a better chance of meeting both the protein and energy requirement without supplementing other feeds.

Table 1. Effect of Cottonseed Meal Supplementation on Ruminant Retention Time and Intake of Low-Quality Prairie Hay

	Daily Supplement of Cottonseed Meal		
	None	1.75 lb	Change
Rumen Retention Time, Hr	74.9	56.5	-32%
Voluntary Daily Hay Intake, % of body wt.	1.69	2.15	+27%

Because retention time was decreased, one should expect the protein supplementation in this situation also increased digestibility of the hay. This was shown clearly in another OSU trial that indicated that low quality roughage had an increase in estimated digestibility from 38% to 48% when the cattle were supplemented with 1.5 pounds of soybean meal daily.

As producers prepare their late summer, fall, and winter feed strategies, they can see the importance of providing enough protein in the diet of the cows to feed the “bugs” in the

rumen. If the forage is low in protein (less than 8 % crude protein), a small amount of supplemental protein such as cottonseed meal, soybean meal, or one of the higher protein by-product feeds, could increase the amount and digestibility of the forage being fed. This strategy requires that ample forage is available to take advantage of the “positive associative effect”. As the table above illustrates, properly supplemented cows or replacement heifers will voluntarily consume about 27% more forage if they were provided adequate protein. As long as enough forage is available, this is a positive effect of a small amount of protein supplement. Cows that are already in excellent body condition in late summer will not benefit from the additional expense, however, young thin cows would be candidates for protein supplementation in late summer and fall. The increase in body condition can be achieved with minimal expense, especially if the spring-born calves are weaned in early fall.

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