

COW/CALF CORNER

The Newsletter

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"Preg" check and cull "open" replacement heifers

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Many Oklahoma ranchers choose to breed the replacement heifers about a month ahead of the mature cows in the herd. In addition, they like to use a shortened 45 to 60-day breeding season for the replacement heifers. The next logical step is to determine which of these heifers failed to conceive in their first breeding season. This is more important today than ever before.

The bulls were removed from the replacement heifers about 60 days ago, this would be an ideal time to call and make arrangements with your local large animal veterinarian to have those heifers evaluated for pregnancy. After two months of gestation, experienced palpators should have no difficulty identifying which heifers are pregnant and which heifers are not pregnant (open). Those heifers that are determined to be "open" after this breeding season, should be strong candidates for culling. Culling these heifers immediately after pregnancy checking serves three very economically valuable purposes.

- 1) Identifying and culling open heifers early will **remove sub-fertile females from the herd.** Lifetime cow studies from Montana indicated that properly developed heifers that were exposed to fertile bulls, but DID NOT become pregnant were often sub-fertile compared to the heifers that did conceive. In fact, when the heifers that failed to breed in the first breeding season were followed throughout their lifetimes, they averaged a 55% yearly calf crop. Despite the fact that reproduction is not a highly heritable trait, it also makes sense to remove this genetic material from the herd so as to not proliferate females that are difficult to get bred.
- 2) Culling open heifers early **will reduce summer forage and winter costs.** If the rancher waits until next spring to find out which heifers do not calve, the pasture use and winter feed expense will still be lost and there will be no calf to eventually help pay the bills. This is money that can

better be spent in properly feeding cows that are pregnant and will be producing a salable product the following fall.

- 3) Identifying the open heifers shortly after (60 days) the breeding season is over will **allow for marketing the heifers while still young** enough to go to a feedlot and be fed for the choice beef market. "B" maturity carcasses (those estimated to be 30 months of age or older) are very unlikely to be graded Choice and cannot be graded Select. As a result, the heifers that are close to two years of age will suffer a price discount. If we wait until next spring to identify which two year-olds did not get bred, then we will be culling a female that will be marketed at a noticeable discount compared to the price/pound that she would have brought this summer as a much younger animal. In today's market an 850 pound non-pregnant heifer will bring about \$1.90/lb. or \$1615 per head. If current prices hold, next spring a two-year old 1000 pound cow may bring \$1.15/lb. or \$1150 per head. This calculates to a \$465 per head loss plus the expense of keeping her through the winter.

Certainly the percentage of open heifers will vary from ranch to ranch. Do not be overly concerned, if after a good heifer development program and adequate breeding season, that you find that 10% of the heifers still are not bred. Resist the temptation to keep these open heifers and "roll them over" to a fall-calving herd. These are the very heifers that you want to identify early and remove from the herd. It just makes good economic business sense to identify and cull non-pregnant replacement heifers as soon as possible.

Feeder prices and fall grazing prospects

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

Oklahoma feeder cattle prices are currently at about the same level as this time last year. The difference is that cattle prices increased steadily last year and were on the way up. Hot dry weather in July and August this year has pulled feeder cattle prices seasonally lower from peaks in May and June. Prices for calves less than 500 pounds are roughly 6-7 percent lower than May peaks and prices for feeder cattle over 700 pound are down 4-5 percent from June peaks. In between, feeders between 500 and 600 pounds are experiencing a bit of a hole and are currently down 11-14 percent. Feeder markets, along with fed cattle and boxed beef, appear to have bottomed for the summer and increased slightly the past week.

Despite the hot, dry weather currently in place in Oklahoma, soil moisture conditions are good and prospects for early planted wheat for grazing are favorable. Wheat stocker producers will begin planting wheat for fall and winter grazing in the next month and are no doubt already evaluating the budget prospects for winter stockers. For most of the summer, the value of added weight gain on feeder cattle has been very good. Prices for heavy feeders have remained relatively strong compared to lightweight cattle. For example, the price of medium/large, number 1 steers in Oklahoma last week was \$262.57/cwt. for 500 pound steers and \$220.27/cwt. for 750 pound steers. The resulting value of 250 pounds of gain is \$1.36/lb. At current price levels, stocker production has attractive margin potential.

Of course, at this point it is not clear what stocker calves will cost this fall nor what feeder prices will be at the end of winter wheat grazing around March 1. Calf prices typically decrease seasonally into November (five percent down from current levels would be typical in Oklahoma) but strong wheat pasture demand may limit seasonal calf price decreases, at least in the early fall.

A bigger challenge is to anticipate feeder cattle prices next spring. The broader cattle market conditions indicate that feeder cattle supplies will build over time and feeder prices will begin eroding somewhat in 2016. March Feeder Futures are currently trading at about \$198/cwt. and with historical basis levels suggest a February/March price for 750 pound steers in Oklahoma of roughly \$200/cwt. This is significantly lower than the current price of \$220/cwt. and makes stocker budgets much less attractive. However, feeder cattle basis has been variable and unpredictable for many months with feeder futures often discounted to cash markets resulting in strong basis relative to historical averages. For example, the 2015 February basis for 700-800 pound steers (Oklahoma) was about \$10/cwt. above average levels while the March basis was close to average levels. Risk management will be more important in the coming months but is challenging due to basis uncertainty.

Feeder markets will transition from tight feeder supplies to growing supplies over the next year or more and prices may be more variable. Feeder cattle markets are likely to remain very dynamic this fall and stocker production plans should be evaluated and updated frequently. Feeder price adjustments may be unequal across cattle weights and by quality and gender, like the example of the current weakness in five-weight steer prices relative to prices for other feeder weights. Stocker producers should evaluate buying opportunities and production possibilities over as wide a range as possible of animal weights, quality and gender.

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