Cow Country Reporter

July 2018 Volume 10 Issue 7

CELEBRATING 10 YEARS

CATTLE PRODUCERS OF LOUISIANA

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News from your CEO

I hope that everyone had a good 4th of July and took some time to reflect on what July 4th is about. We do live in the greatest country in the world, despite what we see, hear and read in the media. Just ask your family, friends and neighbors.

Cattle Producers of Louisiana, for me, is a reflection of our country. A diverse group of people who love agriculture, believe in doing the right thing for the good of our consumers and industry and coming together to make things better for the cattle business in Louisiana. Our mission statement rings true, "CPL is a state organization structured on a regional basis formed to facilitate the combined efforts of participants within the Louisiana cattle industry for the purpose of mutual benefit." Thank you for your membership and support!

July is a busy month! Fall-born calves being prepared for market, trying to get hay harvested and if you are also a farmer, working to get started harvesting corn and rice. The July 4th holiday is over and I hope the retailers sold all their beef and are looking for more. The next big "beef movement" will be in August as the Labor Day holiday is the last big beef event until Christmas. In Louisiana, we start moving our calves to market in mid-August and if Ma Nature blesses the wheat growers with rain, our Louisiana and Southeast calves will be just right to meet their needs well ahead of the other big cow/calf states to the west and north. If you haven't sold your calves get posted on the market from your marketing rep. and call every week our toll-free number (ext.3) to get the weekly cattle market.

Enjoy the rest of the month and contact us for more information.

Dave Foster, CEO

Cattle and beef markets are not independent from global markets

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

For the cattle industry, July 4 not only is a celebration of our nation's independence but also represents summer beef demand for grilled steaks and burgers. The holiday falls on Wednesday this year and doesn't stretch into a long weekend thereby limiting activities and most likely beef demand somewhat as well. It also marks the mid-point of 2018 and an opportunity to consider the second half of the year compared to the first six months of 2018.

Despite increased beef production in 2018, up nearly four percent so far this year, beef demand has been quite strong and has limited beef and cattle price pressure in the first half of the year. Domestic beef demand has been buoyed by strong a macroeconomic performance including a declining unemployment rate. Foreign demand for U.S. beef has boosted total beef demand with a 13 percent year to date increase in beef exports through April. Strong year to date beef export increases have been led by South Korea, Mexico, Hong Kong, and Taiwan with number one Japan up slightly this year.

The second half of the year could bring more demand challenges. Numerous countries have implemented retaliatory tariffs in response to U.S. tariffs on steel and aluminum. In some cases tariffs include beef and will have a direct impact on beef markets. The bigger impacts are likely to be indirect in a range of impacts on other markets. Other meats, especially pork, are more directly impacted among the wide range of U.S. products subject to tariffs. Negative impacts on exports of other meats means that more total meat must be absorbed in the domestic market. Total U.S. red meat and poultry production is expected to increase nearly three percent year over year to a record level over 102 billion pounds. Any slowdown in meat exports will undoubtedly add pressure to domestic meat prices.

Tariffs on U.S. products will impact domestic GDP, slowing

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macroeconomic growth and reducing domestic spending. At the same time, U.S. tariffs on steel and aluminum from numerous countries have been broadened, in the case of China, to include a host of other imports. This will impact domestic prices for products manufactured with imported inputs as well as directly increasing prices on imported consumer products. Tariffs on U.S. imports are largely paid by consumers as higher retail prices in the U.S. All of this will negatively impact domestic spending and employment with likely negative consequences on domestic beef demand.

Beef production is projected to grow over four percent in the second half of the year, contributing to a three percent increase in total meat production. Negative impacts on beef and other meat demand may have bigger price implications in the coming months as markets struggle to absorb large meat supplies in the U.S.

Hay Acreage in the Southeast

The USDA Acreage report was released by the National Agricultural Statistics Service this past Friday. This once a year report usually grabs headlines due to its estimates of acreage of crops such as corn, wheat, cotton, and soybeans. It is often one of the most volatile trading days for those commodities as markets absorb the newest information and traders adjust their forecasts for future production.

While row crops grab most of the headlines, this report also sheds light on hay production for the past year and provides estimates for the upcoming year. Most hay producers in the Southeast are firmly in the middle of another hay season and this report provides estimates on what hay producers in each state and around the country are doing this summer.

Acreage of hay production in the Southeastern U.S. is expected to grow by 6.5 percent in 2018 as compared to 2017. This would be a 755,000 acre increase. This would be the first increase in hay acreage for the region since 2013 and only the second since 2008.

Missouri accounts for the majority of the increase in the Southeast region with 530,000 acres more hay than during 2017. This would be a 17.7 percent increase. Tennesse is next with a 103,000 acre increase and Kentucky is third with a 90,000 acre projected increase. Mississippi is expected to have slightly lower hay acreage - down 20,000 acres or about 3 percent.

For the U.S. as a whole, hay acreage was steady from 2016 to 2017 but USDA is projecting a 1.3 million acre increase in hay acres in 2018. This would be a 2.4 percent increase. Missouri is forecasted to see the largest increase in the U.S.

So what is driving these trends? Anytime hay acres increase or decrease, that land is instead used for something else. This is usually driven by the economic concept of opportunity cost which refers to the value of the next best alternative use. I mentioned that 2018 would be just the second year of increased acres since 2008. The two year period of 2007 and 2008 was the beginning of a record high grain prices that led farmers to pull as much land as possible into row crop production. In the following years, the opportunity cost of hay acreage that could instead be planted in corn or soybeans was really high.

However, corn and soybean prices haven't touched those record-high levels in the last few years. In fact, the margins in most row-crop production have been very slim for most commodities. That has farmers considering the opportunity cost of land again. The projected boost in hay acres in the Southeast suggests that some producers - especially in Missouri - are placing a higher value on hay production than their next best alternative.

Beef import value versus lean trim value

The main use of beef imports is for grinding. What effect does that have on the U.S. market?

By: Nevil Speer

During the past several weeks, this column has zeroed in on international trade. To that end, last week's graph featured annual value of exports versus imports.

Total export value in 2017 was just slightly ahead of $7.1 billion; a new record for the U.S. beef industry and equivalent to about $325 for every fed steer and heifer slaughtered in 2017. Meanwhile, total import value was about $5.5 billion. In other words, last year's exports exceeded imports by $1.6 billion.

However, whenever the issue of international trade comes up, the question often arises, "Why do we even need imports at all?" That question immediately invokes the relative composition of imports. Accordingly, this week's graph grapples with what sort of beef the United States is importing – and the reason for those imports.

To begin, Canada, Australia, Mexico and New Zealand accounted for about 87% of all beef imported in terms of quantity in 2017. As such, those countries are included in this week's graph. The illustration highlights the relative value of imported beef f rom each country on a dollars per pound basis since 2000. The graph also represents average annual lean trim value in the United States.

The data provide clear evidence for what sort of beef is being imported into the United States – lean trim . In fact, the correlation between average import value and the U.S. lean trim market equals .98. Stated another way, the U.S. is predominately importing product that is tied to the lean trimmings market – and that has been consistent over time.

All that occurs for the purpose of blending with 50-50 trim to make hamburger. And from that perspective, the imports actually create value for the beef industry (otherwise, much of that 50-50 trim would possess little value). That provides a different context for beef imports to the U.S.; they are beneficial to domestic producers versus being a source of competitive product.

With all that in mind, what's your perception of international trade for the U.S. beef industry? Leave your thoughts in the comment section below.

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Cull heifers early; PLUS: The true costs of an open cow

Want to save money on your feed costs this winter? Don't skip pregnancy checking

By: Amanda Radke

On one of our recent evening pasture checks, we saw a yearling heifer coming into heat. Upon further observation, we were assured that our bull was still in working condition, and we continued with our ride — checking fences, calves, creep feeders and water sources along the way.

Later that night, after returning to the house and adding the breeding date to our records, we were disappointed to note that this particular female had been bred 60 days already via artificial insemination. These things happen, of course, but taking the time to notice these breeding dates offers us some valuable information to reference when our veterinarian comes in the fall to pregnancy check the herd. We never rely solely on our observations alone, of course, but having those notes is nice to cross examine, particularly if the veterinarian is guesstimating how far along the cow is in her pregnancy.

Like so many ranchers, we breed our replacement heifers 4-6 weeks earlier than our mature cows. In a recent Ohio State University Beef Cattle Letter article , Glenn Selk, Oklahoma State University, suggests that producers should also pregnancy check the replacement heifers earlier than the rest of the herd and then culling those open females ahead of the rush of cull cows in the fall.

Selk says culling heifers immediately after pregnancy checking serves three economically beneficial purposes . First, Selk says by identifying and culling heifers early, producers can remove sub-fertile females from the herd.

Selk writes, "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."

Second, Selk says culling open heifers early will reduce summer forage and winter feed costs.

He explains, "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." And finally, Selk says that by pregnancy checking heifers 60 days after the breeding season is over, producers can still market the heifers while they are young enough to go to a feedlot to be fed for a Choice beef market.

Selk says, "'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 2 years of age will suffer a price discount. If we wait until next spring to identify which 2-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 per pound that she would have brought this summer as a much younger animal."

While we typically pregnancy check the entire herd all at once at the end of October following weaning, this could be a useful strategy to incorporate to get the most dollars out of cull heifers and recoup some of those initial costs of developing and feeding young females.

Regardless of how you manage your herd during the breeding season or how tight of a calving window you aim to stick to, one of the biggest tools producers can use to improve their bottom lines is to pregnancy check the herd. Yet, so many skip this step, and as a result, end up feeding costly forages to open females all winter long.

So what is the true cost of skipping this management step? Turns out, the decision to skip pregnancy examinations is quite expensive in the long tun.

Andrew Griffith, University of Tennessee assistant ag economics professor , says while the cost of a pregnancy diagnosis will run a producer $5 to $10 per head, an open cow costs much, much more.

Griffith writes, "Unless actively looking for signs of a cow returning to estrous, the cost of pregnancy diagnosis is the cost of feeding the cow from the end of the breeding season until the end of the calving season and then finding out the cow was not bred. That cost can vary depending on the time of year and weather conditions but will generally range from $200 to $400 per head. Thus, finding one open cow in a herd of 40 will essentially pay for pregnancy checking."

Good veterinarians' calendars fill up quickly in the fall, so schedule your pregnancy checks now to ensure you can squeeze in this money-saving management tool in the fall.

The opinions of Amanda Radke are not necessarily those of beefmagazine.com or Farm Progress.

Summer heat is upon us! Stay cool and hydrated in this brutal heat.

R-CALF USA Urges Origin Labels on Beef so Consumers Can Choose to Respond to Canada's Retaliatory Tariffs

Billings, Mont. - Today, R-CALF USA CEO Bill Bullard issued the following statement regarding Canada's announcement that it will impose retaliatory tariffs on about $12.6 billion of U.S. exports, including tariffs on U.S. prepared beef products.

"Canada has enjoyed a huge trade surplus in the trade of cattle, beef, beef variety meats and processed beef with the U.S. in each of the past 24 years that NAFTA has been in effect. As a result, U.S. cattle producers have had to absorb a $31 billion cumulative deficit.

"This persistent trade deficit, averaging more than $1.3 billion per year, has weakened our U.S. cattle industry and has eliminated profits for current cattlemen as well as opportunities for prospective cattlemen to enter our industry.

"We urge President Trump to empower American citizens to send a message to Canada through their purchasing decisions.

"If President Trump will reinstate country-of-origin labeling (COOL) requirements for beef, American citizens can express their support or objection to Canada's efforts to reprimand America for daring to protect its critical steel and aluminum industries.

"R-CALF USA is convinced that if American consumers are afforded the right to choose to purchase beef produced exclusively in America or beef produced in whole or in part in Canada, the government of Canada will quickly retreat from its threatening posture.

"In addition to our unwavering support for mandatory COOL, we have previously asked the Administration to impose tariffs on beef and cattle originating from countries that maintain a persistent trade surplus with the United States. Obviously, this would include Canada."

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