

# Cow Country Reporter



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News from your CEO

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Dave Foster  
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**HAPPY NEW YEAR!** May you and your family have a healthy, safe and prosperous New Year. I am glad 2018 is behind us and I am ready for some sunshine. For us in Louisiana the bulk of our cow-calf producers have marketed their 2018 calf crop (hopefully before October 2018) and are taking care of the fall-born calves (in all this mud with limited winter forage), as well as those preparing for spring-born calves. The feedlots are saying, "no more, enough, we are dealing with muddy, sloppy lots", which means demand for calves are limited. Thankfully, the only calves left are the odds and ends. We sure learned some things in 2018, one and probably the most important is we can't control the weather. So, we have to become more flexible in our ranch management and cattle marketing. I have heard from many producers about the market, how it changes radically at times.

Today, like no other time in the cattle business it is so important to have a relationship with your marketing rep. Our local sale barns have really geared up to meet the needs of their customers. They are offering different alternative marketing strategies. If you market your cattle at your local auction market CALL NOW and discuss your marketing plans for 2019. If you use an order buyer or video rep make contact with them to discuss a plan.

We need to have some **CPL information meetings** sooner rather than later to discuss some issue that concern our industry. We are having such a meeting in Oak Grove, LA, Region 2, on February 13, 2019 to discuss the use of cover crops for both rancher and farmer. Call me and let's make a plan.

*Dave Foster, CEO*

## THE BEEF INDUSTRY MIRACLE

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

As we wrap up 2018, it's worth a moment to pause and consider the amazing day to day performance and accomplishments of the U.S. cattle and beef industry. Beef production in 2018 is projected to total nearly 27 billion pounds of beef products resulting from the slaughter of 33 million head of cattle. The economic system that connects cattle production to beef consumption is remarkably complex and is a challenge for producers and consumers alike to understand and appreciate.

The marketing challenge for beef is no different than for any other product: providing the right product; in the right form; at the right time; in the right place; at a price that represents value to the consumer. Consumer demand for a given product, say a ribeye steak, is met by a marketing system that must simultaneously meet that demand and maximize the value of the large set of products resulting from fabricating the carcass in order to provide a ribeye steak. For consumers, beef demand for a given product on any given day occurs in diverse markets ranging from retail grocery; restaurants (HRI: hotel, restaurant and institutions); or in a variety of international export destinations and, of course, not all products are consumed in all markets. What we refer to simply as beef demand is really a vast array of demands for the multitude of products that result from the disassembly of beef carcasses. Moreover, beef products are perishable and mostly marketed fresh; which means that the ability to use product inventories to balance dynamic supply and demand flows is typically limited to a short period of a few days. It's easy to take for granted that fresh beef will be available in a wide range of domestic and international markets every day of the year but the process is truly remarkable.

In order to meet that fresh beef demand, a continuous flow of cattle ready for slaughter must be available throughout the year. The flow of fed

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## **THE BEEF INDUSTRY MIRACLE**

cattle into the packing industry is the result of multiple production sectors and a lengthy production process. The majority of cattle slaughter is young cattle finished in feedlots in a five to six month feeding phase. Prior to finishing, many cattle grow in a stocker or backgrounding phase that typically lasts from four to six months. Stocker cattle are calves typically weaned at seven to nine months of age as the product of cow-calf production. This means cattle are slaughtered at roughly 18 months of age, with adjustments in any or all of these production phases resulting in a range of slaughter age from 15 to 22 months or more. Add to that nine months of gestation to produce a calf and the total time between fresh beef for consumers and a rancher's decision to turn out the bull is more than two years.

Additionally, there are numerous other dimensions of cattle production that add to the complexity of the industry. Cattle production occurs all over the country in a wide range of climate conditions ranging from semi-tropical to subarctic. Cattle are ruminants and able to use a wide range of feed resources which add flexibility to cattle production but also add to the challenge of adjusting cattle production in response to the dynamic market conditions described above.

Cow-calf and stocker producers, feedlots, packers, further processors and a host of other workers in transportation, stocking, cooking, serving and countless other industry participants work every day to make sure that restaurant diners and grocery shoppers don't have to think about where and how that beef product came to be available at that moment...or indeed that it would be there at all. It truly is a miracle.

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## **WALMART AND 44 FARMS: WHAT IT MEANS TO YOU**

*For Walmart, food will be a primary focus to help drive overall sales and store yield. And clearly, beef is a significant driver within that strategy.*

By: Nevil Speer

One of the largest developments for the beef industry in 2018 was the announcement that Walmart has forged a business relationship with 44 Farms and will be soon featuring branded-program products in their stores. Because of Walmart's scale, that's a major undertaking to ensure that the supply chain can deliver products on a consistent, regular and timely basis to the store network.

The newly-forged relationship is part of a broader strategy for Walmart around fresh grocery items. That is, Walmart, like many other retailers, understands that overall sales and customer loyalty largely revolves around the customer experience associated with meat and produce.

That perspective was prevalent in Walmart's 2018 annual report. For example, President and CEO Doug McMillon noted that, "We've also implemented leading technologies in our stores and supply chain to promote the highest freshness, quality and safety in the food we sell. ..."

In other words, food will be a primary focus to help drive overall sales and store yield. And clearly, beef is a significant driver within that strategy.

Why is that important? This week's illustration highlights annual sales for Walmart U.S. stores during the past 10 years. More important, the graph also depicts annual year-over-year growth.

The five-year average stands right at 3%. Accordingly, Walmart is seemingly refocusing energy and capital to boost revenue growth above that trendline. The company perceives food as an important component to make that occur.

What's your perception of Walmart's renewed focus on fresh in the grocery section? How do you see this playing out in the beef industry? Leave your thoughts in the comments section below.

*Speer serves as an industry consultant and is based in Bowling Green, Ky. Contact him at [nevil.speer@turkeytrack.biz](mailto:nevil.speer@turkeytrack.biz)*

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## **RETAIL BEEF PRICES STRONG DESPITE INCREASED MEAT SUPPLIES**

By: Derrell Peel, Oklahoma State University Extension

November Choice retail beef prices were \$5.911/lb., up from \$5.840/lb. in October and 1.8 percent above the November 2017 price of \$5.807/lb. However, the all-fresh beef retail price dropped to \$5.603/lb. from the October price of \$5.683/lb. The all-fresh price was also down 0.5 percent from the November 2017 price of \$5.629/lb. For the year to date, the Choice and all-fresh retail beef prices have averaged 0.2 and 0.7 percent above last year for the same period.

Retail pork prices dropped in November to \$3.701/lb. from the October level of \$3.727/lb. and were down 2.2 percent from the November price of \$3.786/lb. price one year ago. So far this year retail pork prices are down 1.1 percent year over year. The retail broiler composite price in November was \$1.853/lb. down from \$1.889/lb. in October and down 1.0 percent from the November 2017 price of \$1.871/lb. For the year to date, retail broiler prices are unchanged from last year. Retail beef prices have remained strong despite increased supplies of beef and other meats. The ratio of retail beef price to broilers and to pork has averaged slightly higher in 2018 compared to 2017.

Retail meat prices do not capture prices for food eaten away from home. According to USDA, 53.8 percent of total food expenditures in 2017 were for food away from home, up from 50.9 percent just five years earlier in 2012. Over the period from 2012 to 2107, at home food expenditures increased 12.2 percent while expenditures for food away from home increased by 26.1 percent.

The fastest growing segment of at home food expenditures was in the category that includes farmer's markets followed by mail order and home delivery. Farmer's markets represented 0.8 percent of at home food expenditures in 2017 while the mail order/home delivery category accounted for 3.0 percent of total at home food expenditures. Most major away from home food categories showed growth over 25 percent since 2012. This includes food expenditures at full and limited service restaurants, hotels, drinking establishments and recreational places.

## MANAGE STOCKPILED FORAGES EFFICIENTLY

By: Victor Shelton, NRCS State Agronomist/Grazing Specialist

I'm not really sure where this year went. At least for me, it seems like it should still be October, but the weather outside indicates a different message. Grazing activity for a lot of producers starts slowing down this time of year. If you are still grazing, and I hope you are, then you are probably grazing stockpiled forage, fall-planted annuals, or crop residue or a combination of all three.

I would encourage everyone to manage this forage efficiently. Allocating it out in smaller allotments is certainly worth pursuing. The smaller the portion allocated; the shorter the grazing period, and the higher the efficiency. You want this feed to last as long as practical and still meet the livestock needs. At this point, you are basically "feeding" standing hay but with some exceptions – no tractor, mower, rake or baler required, and the waste products are automatically redistributed back to the place of origin where they will do the most good. Now, it does take a little effort. The temporary fence does not get rolled up and or moved by itself, nor the temporary fence posts. A nice walk, a little exercise in cooler weather, while observing the animals grazing, is not a chore – no matter how hard you try to make it one. You should be checking them anyway and you don't even have to start up a tractor to feed them.

In today's world, we are inundated daily with disruptions, smart phone alerts, and just life in general. I look forward to that quiet time in the field. Even though I like to take pictures with my phone, it's nice sometimes to just leave it at the house and just enjoy the activity at hand. Without potential distractions, you pay more attention to the forage available, noticing what the livestock are eating and in what order, and once the move is complete and the bellowing of a few cows is over, you can listen to the melodious tearing and munching of forage. Some quiet time is worth the effort and you might find that you linger a little longer before the next task.

Stockpiled forage should be dormant now and you could probably take it down a little bit closer than our normal growing season "stop grazing" heights, but do you really want to? It's better to maintain good cover and maximize rainfall infiltration. You can accomplish this by just leaving adequate stubble behind after the last grazing that will slow runoff and help that rainwater stay on site.

Pastures with increasing organic matter result in soils being able to infiltrate more water. The biggest increase in soil organic matter comes from the turnover of new roots. The more deeper roots produced, the greater the opportunity to increase organic matter. Roots are somewhat proportional to above ground growth. If you always maintain very closely grazed forages, you will have shallow root systems. Shallow root systems have less turnover of roots and less potential for increasing or impacting organic matter. If you let forages fully express themselves in the vegetative stage prior to being grazed, utilize adequate stop-grazing heights, and remove livestock so the plant can recover and regrow before being grazed again, you are increasing the number of roots on those forages, and also increasing the potential for increasing soil organic matter.

The more organic matter your soil(s) contain, the higher the water holding capacity. Organic carbon can hold up to eight times its weight in water; this is a good thing! Organic matter is kind of the ultimate contingency plan. With some of the crazy weather extremes we have been having, you want the soil and the forages that grow on them to be as resilient as possible. This is not saturated soil, it's soil with the ability to store more water, but with sufficient air available to maintain good structure. The ability to store water efficiently has benefits during both wet and dry conditions.

Improving organic matter, since I've already gone down this rabbit hole, is critical to maximizing biological activity, increasing nutrient holding capacity by providing more cation exchange sites, and for improved nutrient cycling and less leaching. Microorganisms, that use organic matter as a food source, appear to make micronutrients more available and along with organic matter help buffer the soil. There are other advantages, such as improved root environment due to available moisture and cooler soils which are beneficial to cool forages.

I mentioned earlier about bellowing cows. It's important to make sure that you are providing enough forage for the timeframe that the livestock will be in that allotment. If you didn't leave them enough, believe me, they will tell you all about it. This time of year, I don't worry too much about back fencing as the cows move across a field, especially if enough residual is left behind. I do strongly recommend though that you maintain two temporary fences. The first fence provides them with the present allotment. The second fence is set up ahead of time for the next move. If animal numbers and forage is consistent, you can sometimes set up several fences ahead in advance. I do this quite often if I have a few extra spare minutes or it's an exceptionally good day to do it.

You really want that next fence already built and that next allotment ready for the cows the minute you get there to move them. They know why you are there and only you stand between them and some fresh forage. If they have to wait for you to put up that next fence before moving them, they will tell you all about it! Quite often there is some decent forage remaining after the grazing above and beyond what is needed for maintenance residual. You could force the cows to eat it, but they won't be happy about it and I'd rather have a little extra protection left behind in case the weather turns wet and to protect any travel areas to water or mineral. The cows at this point are more interested in something new fresh—think ice cream—and anything still there is more like eating broccoli.



## IS THERE AN OPTIMAL WEIGHT FOR MARKETING CALVES?

Dr. Andrew Griffith, Assistant Professor, Department of Agricultural and Resource Economics, University of Tennessee

There have been a few questions the past two or three weeks concerning the optimal weight to market calves and feeder cattle. These questions hinged around the weight that would return the largest profit.

The answer to this question changes continuously. Whether a cow-calf producer or a stocker producer, each producer needs to consider how to maximize profits relative to the available resources while also considering seasonality of cattle prices throughout the year. Producers also need to consider decisions that could impact long term profits and not just profits in a single year.

The cattle business is about developing a reputation for developing low risk cattle that will provide value for the next producer and ultimately the consumer. There are general answers to the aforementioned question based on expected prices during the year, but the general answer does not even fit the average producer very well.

Consider the costs of feeding the animal versus the value of feeding the animal on a regular basis and the question will be answered.

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## NEW HAULING PROTOCOL IN NEBRASKA

*Nebraska cattlemen, State Patrol announce new hauling protocol and collaboration.*

By: Talia Goes, Nebraska Cattlemen

Nebraska Cattlemen is pleased to announce an important new collaboration between Nebraska's livestock industry and the Nebraska State Patrol.

Over the course of the past few months, Nebraska's ag industry and State Patrol have worked together to develop a series of checklists to help livestock haulers comply with the law, while also mitigating animal welfare concerns that arise when trucks are put out of service.

Everyone will benefit from these checklists — owners of livestock, haulers, State Patrol and the general public — by gathering as much upfront information as possible and using a set of response plans for how to handle livestock in the event of an emergency.

The livestock industry's goal is to transport animals safely and in a timely manner while complying with state and federal laws. By being better prepared, both haulers and State Patrol will be able to respond in an effective manner and lessen the impact of any delay on the health of the livestock under our care.

"I'm a cattle feeder who relies on safe and timely deliveries. Collaborations like this will positively affect my business," said Mike Drinnin, president-elect of Nebraska Cattlemen. "Nebraska Cattlemen is excited to continue working together on the safe and efficient transportation of livestock throughout the state."

More information about the livestock hauling guidance can be found at <https://bit.ly/2DnvD2C>.

Editor's note: This article written by Talia Goes is from the Nebraska Cattlemen.

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