

Cow Country Reporter



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News from your CEO

In This Issue

News from your CEO

Catching up with cattle on feed data

Grid vs. live steer value—what's the better deal?

How Can Flooding Impact Your Winter Grazing System?

Does one good deed deserve another?

Louisiana Cattle Report

Impact of cattle imports from Canada and Mexico



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March is a busy month in the cattle business. Spring calving is winding down. Ryegrass is producing good gains on cattle, providing that you have any left with all the adverse weather we have had. The same goes for pasture conditions. Replacement female sales are being held and prices for slaughter cows are increasing. Demand for calves under 600 lbs. is good to very good to go on graze-out-wheat or grouped to go on summer grass. As our weather gets back to normal (hopefully) this month prices for cattle should increase. Now would be a good time to cull non-producing cows and/or trouble makers. Also, if you sell your calf crop direct check with your market rep to price your calves early for summer delivery. Many of our Louisiana auction markets are selling groups of cattle for out-front delivery. Check with them for marketing decisions. The U.S.

Cattle Inventory report was released at the end of February and showed a slight increase in numbers, not the large numbers predicted in 2018. Louisiana numbers were down 2% for all cattle and calves and 3% down for cows and heifers that have calved. Beef heifer replacements were down 9% and the calf crop down 3%.

Our Cover Crop Seminar in Oak Grove in mid-February was a success and I have been getting positive feedback from those who attended. Don't forget to "spring forward" your clocks on March 10 and remember Lent starts March 6. For all you Irish (or those that want to be Irish) March 17 is the day for "wearing of the green" so lift your glass and enjoy the day. The calendar says March 20 is the first day of Spring, let's pray that is correct. May your month be filled with sunshine, green pastures and healthy growing calves.

Dave Foster, CEO

CATCHING UP WITH CATTLE ON FEED DATA

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

The latest USDA Cattle on Feed report issued on February 22 was delayed a month because of the federal government shutdown. The report showed December placements at 98 percent of one year earlier and marketings at 99 percent of last year leading to a January 1 on-feed total of 11.69 million head, 101.8 percent of the prior year. It should be remembered that the January 1, 2018 feedlot inventory was large, up 8.3 percent year over year as dry conditions pushed more feeder cattle into feedlots at that time. The modest increase in the January 1, 2019 feedlot inventory is therefore still a rather large number and is the highest inventory for the month since 2012.

The December 2018 feedlot placements were lower than pre-report expectations issued by analysts in January. However, the report is not likely to have much bullish impact as the information is well out of date at this point. The February Cattle on Feed report is due to be issued on March 8 and the March report on schedule on March 22.

The latest report does, however, provide some additional information. The report included the quarterly estimates of steer and heifer inventories in feedlots on January 1. Steers on feed were estimated at 7.28 million head, down 0.7 percent from one year ago. This is the first year over year decrease in quarterly steer feedlot inventories since April 2017. Heifer feedlot inventory was 4.41 million head, up 6.2 percent from last year. This is the twelfth consecutive quarter of year over year increases in heifers on feed since January, 2016.

The long-awaited annual Cattle report will be released on February 28. This report will provide an update on total cattle inventories and a breakdown of cattle inventories by class. The report also provides cattle inventory estimates by state. The report will include an estimate of January

(continued on page 2)

CATCHING UP WITH CATTLE ON FEED DATA

1 feedlot inventory for all feedlots. This contrasts with the January 1 cattle on feed inventory in the monthly report which is for feedlots of one thousand head or larger capacity. On average, the total feedlot inventory in the Cattle report is about 123 percent of the monthly cattle on feed estimate for January 1. Stated another way, the monthly estimate of feedlot inventory for large feedlots (one thousand head and larger) represents about 82 percent of total cattle on feed inventory (including smaller feedlots).

GRID VS LIVE STEER VALUE □ WHAT'S THE BETTER DEAL?

Data show that fed cattle sold live outsell cattle sold on a grid. So why sell on a grid?

By: Nevil Speer

During the past several weeks, Industry At A Glance has focused on various dynamics around the live fed cattle market. That discussion has highlighted trends around negotiated trade, volatility, basis and regional price differences.

To that end, it's often assumed the live cattle market serves as a bottom-end base – and all other forms of cattle trade (dressed, grid and formula) are always superior to weekly live trade. That thinking is especially entrenched among critics of the current marketing system; they cite declining cash trade as means of suppressing cattle values. That particular issue was addressed in this column several weeks ago, noting that, "...while cash trade has diminished, basis [cash minus futures] has trended more in a positive direction (not the other way around)..."

This week's graph addresses those concerns from a separate direction, comparing revenue generated from weekly grid marketings versus live cattle values sold in spot (or cash) negotiations. To remove weekly noise, the illustration depicts the differences on a 13-week moving average.

There are a couple of key takeaways:

The live market is NOT always inferior to other marketing venues.

Over the five years depicted ('14-'18), cattle selling live netted an average of \$18 per head more versus selling on a grid.

Discounts outweigh premiums

There is huge variation among pens of cattle. IF the cattle are expected to perform well, they should be marketed accordingly on a grid. But if carcass merit is suspect or uncertain, it's likely better to just sell them live – underscoring the importance of understanding discounts when marketing on the grid.

Administrative and production efficiencies matter

Clearly, the deviations ebb and flow. However, given the \$18 per head setback with grid marketing, some might ask why feedlots would ever market cattle on a grid in the first place.

First, there's inherent benefit from ensuring a marketing slot through the grid– that enables timely marketings and production efficiencies that may otherwise be missed in a strictly cash market. (Such currentness and timeliness also helps with risk management.)

Second, all alternative marketing arrangements (grid, formula, forward contracts) intentionally avoid the weekly hassle of negotiation, thereby enabling administrative efficiency by allowing focus on other matters of importance.

Ultimately, the direct cash difference may not be as large as it ostensibly appears; indirect savings help compensate for some or all of that difference.

Nevil Speer serves as an industry consultant and is based in Bowling Green, KY. Contact him at nevil.speer@turkeytrack.biz.

HOW CAN FLOODING IMPACT YOUR WINTER GRAZING SYSTEM?

By: Josh Maples, Mississippi State University Livestock Extension Economist

Extensive and excessive rain in Mississippi and other parts of the south can impact winter grazing. Some forage like annual ryegrass tend to be more flood tolerant, but on the other hand small grains especially wheat and oats can be severely affected. Due to water saturation, the soil is very soft and hoof action can also damage the root system of your winter grazing, but can also impact summer perennials that are dormant and cause a delay in their spring green up. In this type of extreme cases, it might be a good idea to implement a limit grazing management approach to provide plant recovery, livestock damage of plants by trampling wet soil and minimize soil compaction that can slow down plant recovery. Areas covered with water for a period of days should also be monitored for weeds in the spring and make sure that a control program is in place. Soil samples might need to be taken in flooded areas since some nutrients may have been leached and can fertility. If you have pasture and hay loses, it is important to keep record of the number of bales and number of acres in case there is a disaster declaration that might cover your losses.

Before allowing livestock reentry to flooded areas, it is important to scout the pastures for debris can harm the livestock. If livestock have been exposed to flooded areas, producers should monitor the livestock for injuries and possible diseases. Some flooded related diseases can include lameness, fever, and swelling. Some diseases can be present in flooded areas for months after the flood and can increase the risk of infectious diseases such as blackleg, pneumonia, and leptospirosis. Therefore, keep a close monitoring on livestock exposed to flooded areas.

DOES ONE GOOD DEED DESERVE ANOTHER?

For as long as there have been ranchers and farmers, being a good neighbor has simply been business as usual. It seems that nothing's changed.

By: Bruce Derksen

We in the cattle business are often busy people who tend to focus on our own lives to such an extent that we miss what is going on in the lives of others. But when we notice that a neighbor needs help, we do what needs to be done. When the need arises, we step up.

In the agricultural community, these types of actions are often "business as usual" and have been for as long as I can remember. When neighbors experienced a loss or had a need, farmers and ranchers would come together to lend a hand, bringing their families and equipment to help with seeding, harvesting or whatever task was required. And it wasn't tied to returning a previous favor, but a natural reaction to anyone who could use a hand.

An example of this happened every spring at a feedlot where I was used to work, when we would help an older neighbor process his small group of cows and calves. I'm sure there was never a need for him to ask for help, it was just a case of us arranging a date when we would all show up.

This neighbor's age and health really didn't allow him to work his small herd alone any longer, so every spring we would set aside a few hours, fill a box full of medications and antibiotics, syringes, needles, disinfectants, dehorning and castrating equipment and anything else we could think of and with a purpose in mind, we would arrive at his farm.

My pen checker's life could be very routine, but days like this offered a reprieve from the usual. Old Sonny, my trusted mount, would get a chance to stretch his legs in the wide-open spaces rounding up the small herd and I would get a break from the saddle to use some muscles I wasn't sure still existed.

The basic design of our neighbor's facilities were a couple of ancient pens and a small alleyway that led to a hand operated headgate wired to some half-rotten posts. Laying about in disarray were similarly rotten panels used as gates or to cover holes in the fences should the need arise, and there definitely was a need. Baler twine and wire were in greater quantity than actual nails.

His cow-calf herd was a very mixed group consisting of newborns to fall and winter calves from the season earlier, plus heifers as well as old cows surely on their last legs. Almost every color of the rainbow was represented with both wild and quiet animals sporting horns and hooves of varying lengths. A handful of familiar looking open females would be scattered within the mix, looking suspiciously like the ones he had promised to send to market during our last springtime visit.

Of course, due to the condition of the facilities and the variations of age, size and ailments of the animals, this task of processing calves and treating cows wasn't a normal job, so a short huddle and a good plan was always in order before we began. As younger folks tend to do, the junior members of our crew were anxious to display their strength and would volunteer for wrestling the calves at the headgate. If any youngsters were inclined to be hesitant or shy to volunteer, they would be conscripted by those of us who considered ourselves older and wiser.

We would handle the syringes, drug bottles, ear-tagging, implants and dehorning if necessary, along with the obligatory assignment of castrating those in need. Although the day would begin in a disorganized, chaotic and semi out-of-control way, as everyone became more aware of their duties, the process would begin to run smoother. Before we knew it, all the calves, big and small, would be processed and ready for the summer. Likewise, the cows with curled up horns, ski hooves and pink eye would be treated and back with their babies.

All in all, we'd have a good day advancing the "one good deed doesn't deserve another" cause for someone who needed it. We'd be dirty, tired and sore, but there was always something about voluntarily lending a hand that lifted the soul.

Obviously, there were financial and time costs to our own operation, but I don't remember anyone in our crews ever grumbling or complaining about those days. Plus, our reasoning never hinged on whether the receiver of our good deed had provided help in our direction.

That wasn't the tipping point. We just saw something we could do to help and did it. One good deed is just a natural thing.

Derksen is a freelance writer and feedyard pen rider in Lacombe, Alberta, Canada.



United States Department of Agriculture
National Agricultural Statistics Service
Louisiana CattleReport
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Louisiana January 1 All Cattle Inventory Down 2 Percent

All cattle and calves in Louisiana, as of January 1, 2019, totaled 800,000 head, were down 2 percent from January 1, 2018. The calf crop for the full year of 2018 was 360,000 head, down 3 percent from last year. All cows and heifers that have calved, at 470,000 head, were down 3 percent from January 1, 2018; beef cows, at 459,000 head, were down 3 percent; and milk cows, at 11,000 head, were down 8 percent from 2018. All heifers weighing 500 pounds and over were down 3 percent at 110,000 head. Steers were up 17 percent at 27,000 head; bulls were down 3 percent at 30,000 head; and calves weighing less than 500 pounds were down 2 percent at 163,000 head.

IMPACT OF CATTLE IMPORTS FROM CANADA AND MEXICO

Do cattle imports from Canada and Mexico influence the U.S. cattle market? Here's a look at the numbers.

By: Nevil Speer

Following a weekly Industry At A Glance column and last month's monthly column addressing beef demand and its influence on fed cattle prices, I received some feedback from readers. Much of the correspondence was seemingly more focused on the importance of supply – specifically the influence of imports.

For example, one reader noted, "The real market dynamics would seem to be impacted by the loss of COOL. Demand is more supplied with foreign beef marketed as U.S. beef." Then, there was this question, "...what is the dollar value of beef imports coming into our country?"

That very topic was addressed in this column last year and will be updated in coming weeks with new USDA data - see beef exports versus imports. The discussion highlighted exports, but also noted that, "...many producers often ask, But what about imports? Don't they offset the value of exports? ...Last year's exports exceeded import value by \$1.6 billion. In other words, beef's 'trade balance' was positive and the beef industry benefitted from its trade status."

However, that inherently leads to the next question: "What is the influence of live cattle coming into our country?" This week's graph specifically addresses those trends.

There are three sources of imported cattle that contribute to the beef supply: feeder cattle from Mexico, feeder cattle from Canada, and slaughter cattle (bulls, cows, steers, heifers) from Canada.

A couple of items are important:

Mexico feeder cattle – Imports peaked in summer 2012 due to severe drought in the country, but over time, the 52-week moving average has averaged 1.125 million head.

Canadian feeder cattle – Imports peaked around 675,000 head in July '08 but have since consistently trended downward and finished 2018 at 194,000 head, a 70% decline from the peak.

Canadian slaughter cattle – Imports also peaked in '08 (September) at 900,000 head and have also declined ever since – finishing 2018 at an annual pace of 425,000 head, a 53% decline from the peak.

In total, the three sources of cattle represent approximately 1.88 million head during 2018; that's compared to a total U.S. slaughter last year of just slightly more than 33 million head.

It's also important to note feeder cattle make up the overwhelming bulk of cattle imports (nearly 80%) – cattle imported by backgrounders and feedyards (i.e. cattle producers – NOT packers) and represent an important means of generating value for their respective businesses.

Cattle imports from both Canada and Mexico have long been a source of controversy within the beef industry. Based on this data, what's your perception of the importance of those cattle? Leave your thoughts in the comments section below.

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