Cow Country Reporter

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News from your CEO

FINALLY! CPL had its first information meeting in 14 months at Elm Park Plantation, St. Francisville on April 22, 2021 and we had 50 people in attendance. We also have scheduled a meeting in cooperation with the Louisiana Grazing Lands Conservation Initiative (LGLCI) at Jim Paul Dupont's ranch in Ragley, LA on May 27 at 6:00, you can contact me for more information.

Slaughter cow and heifer harvest has increased the first quarter of 2021 which could lead to less numbers in 2022. Corn and soybean prices have been on the rise and if they stay at these levels (corn plus $7.00/bu. Soybean plus $15.00/bu. on May 4) fed costs in the feedlots could be well over $1.20/lb. cost of gain. Many of our CPL members who retained ownership of their calves last fall and sent them to a feedlot had cost of gain $0.85/lb. to $0.95/lb. coming out in March and April. If you contracted/sold your calves before mid-April, good job! If you have not sold your calves, wait until June and contact your marketing rep. (sale barn, order buyer, video rep.) and redo your game plan. Until the corn and soybean crop in the U.S. has been planted, we will not know the direction of the calf market. Demand for our calves from June to August should be good and less available numbers nationwide should lead to higher prices if corn prices move lower. Don't go to sleep, keep up with the market and "make hay when the sun shines". Enjoy the flowers in May coupled with green grass and growing calves.

Dave Foster, CEO

Peel: Cattle Market Struggles Continue

By Derrell Peel - Oklahoma State University

Fed cattle markets rallied early in April but have stalled again and pulled back below $120/cwt. the last week of April. Ample supplies of fed cattle continue to hang over the market as feedlots struggle to get more current. Meanwhile boxed beef has pushed upward with Choice values at $296.50/cwt. the last Friday in April. Select boxed beef was $283.05/cwt. at the end of the month.

Beef packers have very large margins and appear to be trying to push kills in the face of limited capacity. Saturday steer and heifer kills for the last two weeks of actual slaughter data were both above 55,000 head, very large Saturday numbers. Saturday steer and heifer slaughter thus far in 2021 is up 58 percent over 2020 and up more than 92 percent over 2019 levels. The most recent data shows steer carcass weights at 898 pounds, up from 889 pounds this same week one year ago and 857 pounds in 2019. Heifer carcass weights were 837 pounds in the most recent data compared to 823 pounds last year and 799 pounds in the same week in 2019.

Feed grain prices continue to push sharply higher. The nearby May corn futures ended April at $7.40/bushel with the July contract at $6.73/bushel and the December contract price at $5.64/bushel. Feeder cattle are being squeezed between a stagnant fed market and rising feed prices. The pressure is weighing on feeder cattle markets with both cash feeder cattle prices and feeder futures moving lower in April. Oklahoma combined auction prices for 450-500 lb., Medium/Large No. 1 steers dropped from $185.66/cwt. in early April to $168.88/cwt. last week. Feeder cattle prices also dropped with 750-800 pound steer prices at $133.65/cwt. last week, down from $142.98/cwt. three weeks ago.

The drought situation becomes more critical each day with increasing drought eating into the growing season and diminishing pasture and hay production potential in drought areas. The Drought Severity and Coverage Index (DSCI) currently is at 180 for the U.S. and has never been this high in April or May in any year. National average prices for alfalfa and other hay are up year over year. March prices for alfalfa were $181/ton compared to

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$172/ton last year. Other hay prices in March were $142/ton versus $134/ton one year ago. There are indications that beef cow liquidation is accelerating. March monthly beef cow slaughter was up 10.2 percent year over year. Recently weekly beef cow slaughter data in April is increasing but is difficult to interpret compared to pandemic disrupted levels one year ago.

Overall cattle market conditions are still expected to improve year over year in the second half of the year. However, current challenges are somewhat more severe and taking longer to clear than earlier expected. Market conditions are very dynamic now and the next few weeks may determine the tone of markets for the remainder of the year.

Invest in your pasture now

Many cattle producers may want to invest in what they already have than leasing or buying more acreage.

Kristy Foster Seachrist

It's no secret, cattle producers are looking to manage their herd with less corn and more of what they already have: Acreage.

Scott Flynn, Zonal Biology Lead at Corteva Agriscience Range & Pasture, says the high grain prices in 2007, 2008 and 2009 taught two lessons. One was that feedlots prefer to buy heavier cattle when grain prices are high. And the second is that beef producers who have sufficient forage can hold onto animals until they reach 800-900 and put more money in their pockets.

This changes the feedlot strategy from having to put 600 pounds on when corn prices are low to just 200-300 pounds to reach marketable weights.

Flynn says producers need to look at markets in the long term. Beef prices are expected to stay high the next two or three years. That makes forage quality a priority, and when Flynn talks quality he means the ability to meet all of an animal's nutritional needs.

Cattle producers should think about how they will put weight on their cattle before sending them to market. This means setting pastures up for higher production this summer and fall. That will take a two-pronged approach – controlling broadleaf weeds and developing better grass for improved nutrition.

The power of grass

Another consideration is bringing in cool season grasses, they help provide a more abundance of forage in cooler months (spring, fall) to keep cattle grazing longer. Producers may feel there is enough forage in the pastures to keep the cattle fed. But this is about more than full bellies, the key is quality forage that brings cattle to a marketable weight more efficiently.

Some producers will want to focus on rotational grazing or improving their rotational grazing system already in place. Rotational grazing is an excellent way to increase forage production. This is accomplished by leaving enough above-ground forage to stimulate regrowth.

Flynn says cattle producers need to think of their pastures as corn producers think about their fields. "Think of it like row crops. It's about the bushels per acre. What is your return of investment?" he says.

That means controlling the weeds in pastures. Many producers don't show concern over annual ragweed in pastures in the spring because cattle will eat it, when it's still immature. However, mature ragweed robs producers of good grass in the summer meaning less pounds of beef per acre put on the cattle herd.

Other weeds, Flynn says that hurt pounds per acre is spiny pigweed, cocklebur, ironweed, wooly croton and Western ragweed.

Flynn offers one suggestion: apply herbicide to dry fertilizer spread on pastures. Flynn offers the example of using Duracor herbicide with dry fertilizer – in this case 20 ounces of herbicide to 200 to 250 pounds of fertilizer broadcast per acre. This will help control Species like cocklebur and the ragweed almost all season while cattle get more good forage. He adds that in this example producers save money by combining herbicide and fertility with one application to the pasture.

The pasture you own is worth the investment, bringing you more pounds per acre for the cattle you feed.

Grow more high-quality forage and watch your cattle thrive

Providing ample, high-quality grazing delivers many, far-reaching benefits — from reduced feed costs to a healthier, more productive herd.

Industry Voice by Corteva Agriscience

An uncharacteristically harsh winter in many parts of the country precipitated an especially challenging calving season. This -- plus ongoing drought and extreme conditions in other areas -- makes it more important than ever to maximize assets that help cows and calves meet their nutritional needs.

Effective weed and brush control increases forage yield, elevating the energy and protein available to grazing cattle. This helps cows more efficiently meet their own nutritional requirements and that of their calves.

It's important to remember a good grazing management program is just as important as a good vaccine, feed and mineral program, yet it is often overlooked. The earlier in the season cattle producers start to think about their grass, the better they'll be able to implement changes that can impact herd performance this year.

Addition by subtraction

Grass replaces weeds controlled pound for pound, at least. As pastures begin to green, producers should prioritize eliminating troublesome species. This, along with proper grazing management, allows grasses to reclaim bare spots and gives them the head start they need to get ahead of, and outcompete, weeds. The benefits are twofold:

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- Increased utilization -- Cattle tend to stay clear of weedy areas due to physical or chemical barriers, resulting in grazing avoidance. When animals start to avoid areas because of weeds, cattle may focus on and overgraze areas with better access to desirable forages.
- Improved health -- Providing ample, quality forage benefits the cow's body condition, and that has far-reaching impacts on everything from reproductive performance to weaning weights to the health of both cow and calf.

Mature weeds reduce the quality and palatability of the forage available for livestock grazing. Or, worse, toxic weeds such as poison hemlock, perilla mint and sneezeweed cause severe illness that can lead to death.

Removing those toxic weeds benefits overall herd health by eliminating potential illness, which compromises a cow's ability to produce milk or return to cycle for the next breeding season.

The next calf crop is what keeps the beef producer in business. Forages are the basis for ensuring productive cows with thrifty, high-performing calves. Although it's impossible to anticipate weather conditions, it is possible to better prepare for what Mother Nature has in mind. Weed-free pastures and hayfields can more cost-effectively and more quickly return cows to condition after calving. With weeds out of the way, these sites also produce more of the high-quality hay needed to help maintain condition through next winter.

Weed-free all season long

When it comes to weed control, choose a residual herbicide, such as DuraCor® herbicide , early in the season to stop weeds that are up and growing while providing control of those that germinate later. This extended control will help prevent weeds throughout the season, preserving moisture and allowing grasses to better compete against weeds.

Many factors play into maximizing pasture productivity, especially in areas already challenged by drought. It's a delicate balance to be sure. For help with a plan to grow more grass, visit RangeAndPasture.com . To learn more about the profit-per-acre approach to pasture management, visit RangeAndPasture.com/ROI .

Labor Shortage, Wet Weather Cause Lumber Prices to Surge 359%

By Tyne Morgan

As shoppers face sticker shock when buying lumber, prices continue to climb. Lumber prices are up 359% since last year at this time, with a 69% increase taking place since the start of 2021. But the higher prices aren't trickling down to producers.

"Unfortunately, not; if you look at it from the stumpage and delivery, prices are very hyper local," says Jonathan Smith, executive director of TimberMart-South.

TimberMart-South is a timber price reporting service that covers pricing from eastern Texas to the Southeast.

"If you look at it from a South-wide level, your stumpage prices are up about 2.5% year over year," Smith adds.

Smith says with a hyperlocal market, as you move farther south to southern Georgia, producers there are seeing stumpage prices up 12% year over year. The increase is still a far cry from the 359% surge in lumber prices, a scenario that's leaving even industry insiders stumped.

"That's a good question," Smith says, when asked why lumber prices are skyrocketing. "I think probably that'll be in the economics books in the future. There's a lot of market stuff that's going on right now."

Smith says inventories were tight leading into COVID-19, but he says there's still a lot of wood available today.

"There's a lot of timber on the stock, inventory growth to dry," says Smith. "We're good at doing what we do in the South. We are growing more than we're harvesting on an annual basis."

For David Mercker, University of Tennessee Extension forester, it's a complex issue that boils down to one main economic principle.

"From a broad perspective, it's fairly simple as with all commodities; it's a supply and demand issue," says Mercker.

While there are a lot of standing trees, Mercker says there's an issue in getting that product processed.

"We have an ample supply of standing trees or timber," adds Mercker. "But that doesn't necessarily correlate with an ample supply of lumber."

Mercker says it boils down to three different bottlenecks, and it all starts with a labor shortage.

"There's an under-supply of labor at all levels in this industry, whether it's logging, mills or truckers," says Mercker. "I spoke with a mill operator recently who said he hired five people, and he said one person showed up for work, and they worked for two days. So, that's a big issue."

Mercker says the wet weather in the Southeast this winter also put a damper on harvest.

"And that makes it difficult for loggers," he says. "They have to follow best management practices. And so, they can't just run up on the property and contribute mud to the waterways and so forth."

The final issue he says deals with the byproducts. "Millers can't get rid of sawdust and chips," says Mercker.

"I spoke with one mill operator, he said he's operating at about 80% mill capacity because of all these obstacles that he's facing right now," he says.

The one factor that's not an issue is the number of trees available to harvest. An abundance of trees today sprouted from an increase in the conservation reserve program (CRP) more than a decade ago.

"If we can't produce enough wood because of labor shortages, then that's going to keep prices high," says Mercker.

As the bottlenecks produce higher lumber prices, those in the timber industry say they hope higher prices don't scare off demand.

"From that perspective, a lot has got to happen on the consumption side in order to get that in a balance like we were in the mid 2000s," says Smith.

As the lumber industry tries to find a balance, the housing industry continues to explode.

"Nobody knows what the future will hold," says Smith. "We don't know if this is a new normal, or if things will go back."

Cows Come To Town: Data Says Herd Shrinking

By Greg Henderson

Beef cow slaughter during the first quarter of 2021 was the largest since 2010, and that follows the fourth quarter of 2020 which was the largest Q4 slaughter since 2011. The large cow slaughter culling suggests the downward trajectory of the cattle cycle has not shifted, says the Livestock Marketing Information Center (LMIC).

LMIC notes heifer slaughter is trending higher in the first quarter, too. During March, heifer slaughter was the highest during a month since 2019. Heifer slaughter data suggests that herd turnover is not freshening the herd with younger cows but is shrinking.

The mix of heifers as a percent of the cattle on feed total remains higher, LMIC says, similar to rates at the top of the last cattle cycle. The latest cattle on feed report indicated heifers were 37.7% of the on feed mix. Heifers on feed varies considerably state to state.

In Arizona, California, and Minnesota the ratio is under 20%. Colorado, Idaho, Washington, and Kansas have more than 40% of heifers on feed. Typically, the ratio of heifers on feed must decline in order to retain enough heifers to increase the size of the cow herd. The trajectory of the percent of heifers on feed declined substantially from 2012 to 2015, but we have yet to see that pattern emerge in the present data.

LMIC estimates cow-calf returns will improve in 2021 and 2022 but may not be high enough to increase beef cow inventory. In the last two cattle cycles returns per head, have been in excess of $100 per head to change the direction of the cow herd, LMIC said.

'Turn In' Cattle Driving Market Down

By Brad Hulett

The South traded mostly steady, with prices ranging from $118-$119 last week. The number of negotiated cattle is what seems to be the biggest disappointment. In the South seven plants harvest an average 5,000 head per day - each, that's 35,0000 head harvested per day. Last week, only two days of harvest, or 10,000 head, were considered cash trade.

The lack of cash trade should give a clear indication that the corporate or "turn in" cattle are influencing the quick decline in the market with their packing partner.

The North continues to see their market dry up. The early week cash trade was around $123, but market tanked fast all the way back to $118 by the end of the week. The dressed trade followed the same dismal trend. Feeders started dressed trade around $197 and ended the week in the lower $190's when the dust cleared.

The good news going into this week is that all plants should have completed their planned maintenance. The harvest should be at full capacity. The bad news is that corporate feeders will be looking at a positive basis. The positive basis will likely encourage a flood of market ready cattle turned into the packer. The independent feeder, who sets the market price through cash trade will again take less money due to lack of shackle space.

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