Cow Country Reporter

November 2022 Volume 14 Issue 11

In This Issue

Cattle Producers Of Louisiana
P.O. Box 886
Prairieville, Louisiana 70769
Website: www.lacattle.org
Toll Free: 888-528-6999

Dave Foster
Chief Executive Officer
info@lacattle.org

News from your CEO

CPL lost a long-time member on October 31, 2022. Harvey Gonsoulin of New Iberia was a pioneer and a key player in helping to establish and grow the Louisiana Grazing Lands Conservation Initiative (which CPL is a board member) to what it is today. His progressive approach to innovating grazing management practices coupled with his willingness to contribute wherever needed made him a valuable member of CPL and LAGLCI. Harvey will be missed throughout the Louisiana agriculture community. Please pray for his family during this time of loss.

November is a time when we in the cow/calf business prepare for winter. The bulk of our calves have gone to market. Ryegrass, hopefully, has been planted and our cull cows have been sold or moved to pasture waiting for the higher market in February/March. Rain in the wheat-pasture states of TX, OK, KS. in the past weeks, has helped the growth which in turn will increase demand for our calves we have left over. Keep in touch with your marketing rep. so you do not miss the market. Please vote, thank a Veteran, and give thanks on Thanksgiving for your blessings.

Dave Foster, CEO

Peel: Oklahoma Cattle Market Update

By: Derrell Peel - Oklahoma State University

In the 14 weeks from mid-July to mid-October, the volume of feeder cattle in the combined weekly cattle auction summary was up 19.7 percent year over year, an increase of over 66,000 head. As expected, larger summer volumes resulted in smaller volumes for the fall. The feeder volume the past two weeks has been down by 6.1 percent compared to the same period last year. Feeder volumes are expected to be smaller through November.

Feeder cattle prices at Oklahoma auctions increased counter-seasonally through the summer to August peaks nearly equal to the spring seasonal peaks before dropping through September into early October. A sharp decrease in Feeder futures contract prices over this period was the major factor in the cash market decrease. Since mid-October, Feeder futures prices and cash auction have moved higher.

For the week ending October 28, the combined auction price of 480-pound, M/L, No. 1 steers was $190.08/cwt. ($912.38/head) and the price of 781-pound steers was $176.20/cwt. ($1376.12/head). This is an increase in value of $463.74/head and a $1.56/pound value of gain for 301 pounds of gain. Of course, it takes time to add weight to feeder cattle and the value of gain is even higher given Feeder futures prices for next spring. Feeder futures prices reflect a higher trending feeder market in the coming months.

Current March Feeder futures imply a price of $183/cwt. for the 780-pound steer and a value of gain $1.71/pound in March for the 480-pound steer purchased now. Drought has reduced the availability of wheat pasture and other forages and makes it difficult for stocker producers to take advantage of these attractive stocker margins and arbitrage the markets in the typical fashion. Some producers may be considering more creative backgrounding programs to take advantage of the current feeder market situation.

The volume of cull cows in Oklahoma auctions continues to run well above last year. The volume of cull cows and bulls in auctions has averaged double the level of one year ago since mid-July and has been higher nearly every week of the year. This increase has added roughly 50,000 head of cull cows above year ago levels in the seven federally reported Oklahoma auctions. Other cull cows are marketed through smaller auctions and

(continued page 2)

directly to cow packers. These numbers contribute to the national total of beef cow slaughter up nearly 13 for the year to date through mid-October. Cull cow prices dropped about 25 percent from late August to mid-October but did increase slightly last week. Average dressing Breaker cows were priced at $71.99/cwt.; Boning cows at $67.26/cwt. and Lean cows at $60.82/cwt.

Market fundamentals are generally positive for cattle markets going forward. Improved futures prices, stronger boxed beef and fed cattle prices are all supportive for feeder cattle markets. Cattle slaughter is still running large but should taper off toward the end of the year. Unless unexpected external market pressure develops, cattle prices are expected to finish the year strong and the highest prices of the year may be recorded before the end of the year.

Dr. Derrell Peel discusses the effect of recent rains on livestock markets on SunUp TV from October 29, 2022. https://www.youtube.com/watch?v=iGCUAcPjf0Q

Consider Pasture, Rangeland, and Forage Insurance as a Risk Management Tool

By: Kenny Burdine, University of Kentucky

The most recent drought monitor, released on October 27th, shows the majority of the United States dealing with drought or abnormally dry conditions. While I hope some of those regions received some much needed rain recently, I do think this presents an opportunity to discuss Pasture, Rangeland, and Forage (PRF) Insurance. PRF insurance provides an opportunity for producers to purchase rainfall coverage for perennial forages used for pasture and / or hay production. James provided an introduction to PRF insurance in the April 11 and May 2 newsletters. Since James went through PRF insurance in detail back in the spring, I am just going to focus on three reminders for producers as they consider PRF insurance for the upcoming year.

PRF is a Single-Peril Index Insurance Product

Producers first need to understand that indemnities from PRF are not based on rainfall at their farm, but rather on actual and historical rainfall for a 0.25 degree latitude by 0.25 degree longitude grid, where their farm is located. Daily rainfall for each grid is collected through NOAA weather stations and used by the program. Certainly, there should be a correlation between rainfall amounts for a given grid and farms located on those grids, but variability will exist. This variability creates a type of “basis” risk that isn’t that different than an insurance product like Livestock Risk Protection Insurance, which pays based on changes in the CME© Feeder Cattle Index, rather than local prices. It is also important to understand that PRF insurance does not protect against extremely high rainfall levels, or any other challenge that might impact forage production. It simply provides coverage for less than normal rainfall levels over 2 month periods during the year.

The Premium Subsidy for PRF is Significant

The premium subsidy levels for LRP depend on the level of coverage that is selected, but exceed 50% in all cases. The USDA Risk Management Agency (USDA-RMA) has intended for this to be relatively affordable so that farmers will be more likely to utilize it. While indemnities may not be received in a given year, the subsidy levels suggest that indemnities should exceed premium levels over a large number of years. Given this, producers may want to consider scaling the coverage upward to increase the base value per acre they are insuring. Base values per acre can be increased by up to 150% by increasing the productivity factor.

Multiple Approaches are Possible for Covered Months

Finally, I think it is important that producers give some thought to the months they want to cover. Producers must select coverage in a minimum of two, two-month periods and can place no more than 60% of their coverage value in any single two-month interval. A month also may not be double-covered. For example, one cannot cover the June-July interval and the July-August interval, because August is double-covered. However, one could put up to 60% of the value in a two month interval that included August.

A logical approach would be to cover months in which rainfall and forage productivity are of the most concern. For example, someone may choose to cover June-July and August-September, if they are concerned about the summer months. A producer who is highly dependent on fall pasture growth to stockpile forage may choose to stretch coverage into the fall months. Producers should also discuss this with their insurance agent as they are likely to have valuable insights as well. Most importantly, producers should give this some thought and be deliberate about this decision.

While no insurance product is perfect, PRF insurance does provide producers with a relatively inexpensive opportunity to get some protection against less than normal rainfall levels. Producers have until December 1st to sign up for coverage for the 2023 calendar year, so the time is right to be thinking about it. In addition to talking with your insurance agent, a great deal of information can be found on the PRF page of the USDA-RMA website here.

Preparing for Financial Opportunity – Turning Calves into Yearlings

By: Mark Z. Johnson

To reiterate some points I made in my article last week. Cattle producers need to act as business managers and assess inventories of all resources (cows, calves, silage, feed grains and potential for winter grazing) to determine the best course of action to maximize their profit potential. This should include considering how feed resources are best used and various marketing endpoints to maximize returns and capture the greatest possible value. If you have calves on inventory and no wheat pasture to graze, this week we address the financial opportunity of turning those calves into yearlings without winter grass.

Consider the following:

- Drought has resulted in low cattle inventories. The laws of supply and demand dictate that the future value of cattle will increase. Feedlot placement data shows more light weight calves going on feed. At the time of this writing, the futures board looks promising for yearlings in the spring of 2023. The futures contract for March is at $179/cwt and May is at $185/cwt.
- This week the USDA Oklahoma Cattle Auction Summary tells us that 476 pound, Medium and Large frame, Muscle Score 1 steer calves traded at an average of $184.07/cwt. This translates to a total value per head of $876.
- A few weeks ago, my colleague, Dr. Dave Lalman put together a ration of roughly 1/3 Dry Distillers Grains, 1/3 rolled Corn and 1/3 chopped Wheat Hay. At August prices, this ration could be limit fed at a rate of 13.5 pounds/day (as is) to 500 pound growing calves resulting in an ADG of just over 2 pounds/day at a cost of gain (COG) of $0.83/pound.
- I will use more conservative figures (2 pound ADG and $0.85 COG) to work through the following calculations:
  - o Limit feeding for 180 days until next May resulting in 360 pounds of gain at a cost of $306 per head resulting in an 836 pound yearling.
  - o This feed cost added to the current $876 value of the steer equals $1,182. To account for opportunity cost, financing, and potential death loss, I am raising this value by 10% resulting in a breakeven value of $1,300.
  - o Using the current futures board price of $1.85 for May predicts a value of (836 x $1.85) $1,546.

I encourage producers to check on current prices of feedstuffs in your area. Take inventory of your hay, silage, feed grains and potential for winter grazing. Manage your business, do the math, consult with a nutritionist and arrive at your own estimation of the cost of gain. For example, if we raise the COG to $1.30 in the example above, the breakeven goes to $1479.

Also consider feeding management, as limit feeding requires skills and facilities such as:

- Adequate bunk space to permit all calves to eat at the same time.
- Pens small enough so that all calves come to the bunk to eat at feeding time.
- A scale or method of weighing out the daily feed.
- Roughage feeds available for calves while working up to a high concentrate, limit fed diet.
- Time constraints and feeding skills of the manager. This limit feeding program works best when calves are fed at the same time each day.
- Business management skill to assess the economic limitations and opportunities.
- A plan for the use of or marketing of cattle following the limit growing program.

Resources:
Woods County Drought Meeting. Stretching Forage Presentation. David Lalman. August, 2022.
Oklahoma Cooperative Extension Service Fact Sheet: ANSI 3025
USDA Oklahoma Weekly Auction Summary. AMS Livestock, Poultry & Grain Market News Oklahoma Dept. of Ag Mrkt News. October 7, 2022
Dr. Mark Johnson discusses opportunities of retaining heifers and selling as replacements on SunUpTV from October 15, 2022. https://www.youtube.com/watch?v=B0o-kBT3fSw

---

Fall Rally Continues for Cash Cattle & Wholesale Beef

By: Greg Henderson

Rapidly rising wholesale beef prices kept packers actively looking to add inventory this week. Cattle in the North sold mostly at $151 to $153 per cwt. live and $240 dressed, $1 higher live and $4 higher on a dressed basis. Cattle in the South sold mainly at 4150 per cwt., which is $2 higher than the previous week.

Wholesale beef prices gained $10 per cwt. for the week. Choice boxed beef closed Friday at $263.26 per cwt., $9.55 per cwt. higher. Compared to two weeks ago, Choice boxed beef traded $16.64 per cwt. higher. Select boxed beef closed Friday at $234.49 per cwt., $10.23 higher. Retailers continue to anticipate a seasonal slowdown in slaughter volumes and are competing to add inventory.

Weekly slaughter was estimated at 668,000 head, even with the same week a year ago. Year-to-date slaughter was estimated at 28.039 million head, up 1.6% over last year.

Feeder cattle traded mostly steady to $4 higher while calves traded mainly $1 to $5 higher.

December live cattle futures fell 42 1/2 cents to $153.00, up 57.5 cents for the week. January feeder cattle fell 7.5 cents to $180.375. Live cattle posted a modest gain despite some corrective selling following the contract highs posted earlier this week.

Over-the-Counter Antibiotics Are Going Away: 5 Tips to Prepare Your Ranch

By: Taylor Leach

On June 11, 2023, the FDA's new directive, "Guidance for the Industry #263," is slated for implementation, meaning that over-the-counter (OTC) antibiotics will no longer be available through traditional retail channels. Instead, these antibiotics will now require a prescription from a licensed veterinarian.

While livestock producers are continuously working to practice judicious antibiotic usage, no longer having the ability to purchase commonly used antibiotics, such as penicillin, can throw ranchers a curveball.

Linda Tikofsky, DVM and Senior Associate Director of dairy professional services at Boehringer Ingelheim, says there are several steps producers should be taking now to prepare for the change.

Take Inventory

"I think the number one thing to do is just take inventory of what you're using and what you won't be able to purchase after June 2023," Tikofsky says. "Go through your drug cabinet, take note of what you're using and how often you're using it."

Know What You're Treating

It's hard to know what you need if you don't know what you're treating. According to Tikofsky, part of judicious antibiotic use is understanding the diseases on your operation and knowing how to treat them.

"Understanding what you're up against and how to treat a disease is an important part of animal husbandry," Tikofsky says. "Very often, antibiotics are not the only avenue when treating an illness or condition. Talk with your veterinarian to better understand when and how to treat when using an antibiotic, and work with them to see if there are other treatment options available."

Prioritize Preventative Management

The best way to avoid using antibiotics is to prioritize preventative management. Take time to review herd health protocols and work proactively with your veterinarian and other consultants to address health issues within the herd.

Talk With Your Vet

Now is the time to work with your veterinarian to develop a plan to adjust the way your farm will access animal health products.

"Going forward, all prescriptions will need to be provided by a licensed veterinarian with whom the producer has a valid veterinary-client-patient relationship," Tikofsky says. "This really shouldn't affect producers too much, it will just require them to have a good working relationship with their vet, which is always the goal. When it comes to obtaining antibiotics, producers will either need to purchase antibiotics from the veterinarians themselves or use a distributor that has a pharmacy license. Your vet should be able to help you find one of these distributers."

Assemble Your Team

Surrounding your operation with the best team members should always be top of mind. According to Tifkofsky, now is the time to make sure your entire team is on board with your ranch's animal health objectives.

"It's important to not only talk to your veterinarian about this, but also your nutritionist, herd managers and employees," she says. "Make sure you're assembling the right team to set your operation up for success."

CATTLE PRODUCERS OF LOUISIANA
P.O. BOX 886
PRAIRIEVILLE, LOUISIANA 70769
WEBSITE: WWW.LACATTLE.ORG
TOLL FREE: 888-528-6999