Cow Country Reporter

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News from your CEO

The first week in August your CPL Executive committee, Mike Kovac, Dave Sanson and myself, took our annual cattle trip at no expense to CPL. Our first stop was in West Plains, Missouri to visit a producer who last year bought a load of bred heifers from Mike Kovac. These ¾ Red Angus , 1/8 Gelbvieh and 1/8 Brahman first calf heifers had their calves at side and looked great considering the drought that prevailed. Mike was very pleased as was the cow/calf producer. The next day we toured the Judd Ranch, a Gelbvieh purebred operation, where we saw their main herd sires, young bulls, Fall-calving heifers and their mature cows. David Judd praised the Louisiana Gelbvieh breeders whom he has done business with. From Judd Ranch in Pomona, Kansas we drove West 65 miles to Council Grove, Kansas and took highway 177 South on the "Flint Hills Scenic Highway" where we saw cattle grazing on pasture that had some drought stress. We saw the start of cattle coming off the Flint Hills pastures, quite impressive! Our next stop was in Harper, Kansas at a cow/calf producer's ranch that had Red and Black Angus cows and what surprised us cattle grazing on Bermuda grass under pivot. The Bermuda grass was supposed to be for hay; however, lack of rain forced the producer to move his cows on to it. We didn't know that Bermuda grass performed this far north, but he said he has been successfully doing it for two years. We then went to a feedlot, OK Calf Feeders, in Buffalo, Oklahoma. Jim Paul Dupont, a CPL member in the Lake Charles area, feeds cattle at his uncle's feedlot and gave me his contact info. Harry Davis feeds cattle from the Southeast and Mexico. We were impressed with the quality of the Mexican cattle. Harry is a veterinarian who has been in the business there for over 30 years and has a world of knowledge about the feeding industry. We went back to Pratt, Kansas, spent the night and the next morning spent 2 ½ hours at Pratt Feeders with General Manager Dave Latta who oversees four feedlots. The capacity in Pratt was 40,000 and they were receiving cattle from the Flint Hills that week. Dave has a connection in Louisiana who he buys cattle from and we saw several pens of cattle from Louisiana that were supposed to come in September but our drought conditions shortened the grazing period. Dave likes our Louisiana cattle and they are available at the right time for him. We left Pratt and headed to Beaver, Oklahoma to attend the Tuesday sale at Beaver County Stockyards. Jeff Slatten met us at the sale barn, took us on a tour of the facility and gave us the history of how he got in the sale barn business. In the sale arena and office area one cannot see the walls for the signs tacked up. Jeff says, "I collect signs and can tell you where everyone came from and the history behind it". We left Beaver and made our way to Oklahoma City to spend the night and eat at the Cattlemen's Steak house outside the gates of the Oklahoma Stockyards. We made the trip home from there. The take away message that I have is our Louisiana cattle work well in that country. The feeders are buying cattle now for April delivery and cannot make them work, needing $160.00 cwt. fat to break even. Calves will sell higher this year compared to last year and demand for Louisiana calves will be good especially before November. The death loss we heard about was caused in part by high temperature (105-115F), high humidity and no wind.

Don't forget to pay your dues!

Dave Foster, CEO

Drought Impacts Advancing Rapidly

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

The July Cattle Report confirmed that the cumulative effects of drought that past two years have accelerated liquidation of the beef cattle herd. The July 1 inventory of all cattle and calves was 98.8 million head, down 2.0 percent year over year. The beef cow herd decreased by 2.4 percent year over year, a decline

Drought Impacts Advancing Rapidly

of 750,000 head from last year to the current total of 30.35 million head. From the recent peak in 2018, the July beef cow inventory has declined by 6.3 percent, or a total of 2.05 million head. The July inventory of beef replacement heifers was down by 3.5 percent year over year. Feeder cattle supplies are estimated from the sum of inventories of other heifers and steers (over 500 pounds) plus calves (under 500 pounds) minus cattle on feed. The estimated July 1 feeder supply was down 2.7 percent from last year.

The monthly Cattle on feed report puts July 1 feedlot inventories at 11.34 million head, a scant 0.4 percent above last year. July, along with every other month this year has had record monthly inventories, but the year over year gap is declining. June feedlot marketings were up 2.0 percent year over year. Placements in June were down 2.4 percent from one year ago. This is the fourth consecutive month of lower feedlot placements. In the past two months, placements have consisted of increased numbers of cattle under 700 pounds with sharper decreases in placements over 700 pounds leading to an overall decline in placements. Placements would have fallen faster without the lightweight placements. Increased lightweight placements now mean that fewer cattle will be available for placement later. The July Cattle on Feed report also included the quarterly breakdown of steers and heifers on feed, with steer inventories down 1.1 percent from last year but heifers on feed up 2.9 percent year over year. Heifer slaughter is up 3.9 percent for the year to date and this July heifer inventory means that heifer slaughter will continue large in the second half of the year.

There are indications that drought impacts have accelerated sharply in the southern plains in July. The percent of Oklahoma pastures and ranges rated as poor to very poor jumped from 18 percent in early July to 34 percent in the July 18 Crop Progress report. Cattle producers are destocking at a rapid rate as pasture conditions deteriorate rapidly. The volume of feeder cattle in Oklahoma auctions the past two weeks is up 24 percent year over year. It appears that calves are being weaned and marketed early. Prices for Oklahoma steers dropped an average of 3.5 percent this past week with prices for 400-500 pound steers down 7.9 percent. Feeder heifer prices were down an average of 2.5 percent with prices for 400-500 pound heifers down 6.3 percent. The auction volume of cull cows and bulls jumped nearly 124 percent over last year in the past two weeks. Prices for average dressing Boning cows decreased by nearly 22 percent from $85.22/cwt. in early July to $66.62/cwt. this past week. Anecdotal reports indicate that auctions in the southern plains and regional cow slaughter plants are being overwhelmed with volumes of cattle sales.

Derrell Peel breaks down the latest news in the cattle markets on SunUp TV from July 23, 2022. https://www.youtube.com/watch?v=lNhyTeDdse8

Drought Weighing on Summer Cattle Markets

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

Drought advanced rapidly across Oklahoma in July. At the end of June, the Drought Monitor showed that 30.76 percent of the state was in some stage of drought (D1-D4) with another 15.15 percent abnormally dry (D0). Four weeks later, the July 26 Drought Monitor map showed that 100 percent of the state was dry with 99.81 percent in some stage of drought. In fact, 92.11 percent of the state was Severe drought (D2) or worse. The northern one-third of Oklahoma received good rains of up to three inches in the last week. This will briefly push back drought conditions in that region, but triple digit temperatures are forecast to return in August and little follow-up rain is in the forecast as far as forecasts reach into the first half of August. Cattle producers will continue to face tough decisions in the coming weeks.

Rapidly advancing drought conditions in July pushed Oklahoma auction volumes higher as more cows were culled and increased feeder cattle numbers indicated early weaning of calves and early marketings of summer grazing cattle. Calf prices dropped into July as increased volumes of early weaned calves accelerated seasonal price pressure. Calf prices recovered somewhat the last week of July as cattle markets generally firmed up. Large seasonal supplies of heavy feeder cattle were also likely augmented by drought-forced movement of cattle off summer grazing programs though heavy feeder prices are seasonally higher through the summer.

The July volume of slaughter cows and bulls was more than double last year in Oklahoma auctions. The cull cow market was overwhelmed with prices sharply lower. In Oklahoma City, boning cow prices decreased from $89.51/cwt. the last week of June to an average of $66.70/cwt. the last two weeks of July. Around the region, boning cow prices were similarly lower from Kansas south through Texas. Cull cow prices generally decreased around the country in July with the sharpest decreases in the central and southern plains. In some markets, cull cow prices recovered slightly the last week of July.

Nationally, beef cow slaughter continued a double-digit pace in July. Beef cow slaughter through mid-July is up 14.1 percent year over year for the year to date. Year over year percent increases in beef cow slaughter may be smaller in the last part of year (compared to increased slaughter last year). However, beef cow slaughter would have to drop to a level less than six percent higher year over year for the remainder of the year before the annual beef cow slaughter would not be double-digit higher for the entire year. Heifer slaughter, which represents decisions several months ago about reduced heifer retention, is up 3.9 percent year over year so far this year. The July 1 inventory of heifers in feedlots was up 2.9 percent over last year and confirms that heifers continue to be diverted into feeder channels rather being retained for breeding. The mid-year cattle inventory showed that the beef cow herd was down 2.4 percent year over year and the inventory of beef replacement heifers was down 3.5 percent from last year. The beef industry is poised to see the largest single year beef cow herd decrease in more than 35 years.

Tough Culling Decisions Come with Drought, Forage Shortages

By: Drovers News Source

With dry weather and short pastures, Missouri cow-herd owners face tough culling decisions. One way to match cows' needs to available grass is to sell cows.

Give careful thought to which grass eaters go first, says Eric Bailey, University of Missouri Extension beef nutritionist. Under drought stress, identifying those cows becomes urgent.

The first cut is simple, Bailey says. Even the best herds have poor performers that need to be culled. Sell cows not pregnant or nursing. There is no feed for freeloaders when forage is short.

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Feed efficiency critical in drought conditions

Cattle need at least 0.5% of their body weight in dry matter of forage per day.

Low supplies of hay make feeding cattle a challenge. Elizabeth Picking, a University of Missouri Extension livestock specialist in southwestern Missouri, sees the effects of severe drought in her area – dwindling hay supplies, poor-quality hay, high prices and ponds going dry.

Under these conditions, cattle producers need to be more efficient with feed, Picking says. This involves testing forages and calculating the cost of energy and protein to get the best value and results.

Most county extension centers have hay sampling probes that producers can borrow for taking hay samples to test quality or nitrate content. Some offices have moisture and temperature probes for avoiding fires caused by hay that is too wet. Producers should send samples to a laboratory certified by the National Hay Testing Association.

Consider weaning older calves when short on feed, supplementing feed during critical periods and culling nonproducers, Picking says.

Reviewing forage quality and dry matter intake during growth and reproductive stage helps producers determine needs. Also, an understanding of protein and energy for spring and fall calving helps.

Cows need energy-producing supplement when hay supplies are low. Picking suggests a review of crude protein and total digestible nutrient percentages.

Producers can stretch hay supplies by substituting 1 pound of grain to replace 2-3 pounds of hay, she says. Cattle need at least 0.5% of their body weight in dry matter of forage per day. Cattle will initially appear gaunt and hungry but will adapt within two to three weeks.

One alternative is tubs of supplemental protein and minerals. They vary widely in price, contents and daily consumption and come in a cooked and block forms. The moisture-dense blocks are usually cheaper than cooked tubs, but they may be more expensive per unit of nutrient. Blocks are easier to handle than cooked tubs, weighing 30-35 pounds rather than 100-500 pounds. They are best suited for small herds, Picking says.

Producers can also use salt to limit feed intake. Cattle can eat about 0.1 pound of salt per 100 pounds of body weight per day. Mix with commodity feed to limit intake if using a free choice feeder. Cattle can overeat, so it is essential to take care to limit supplies. Salt increases water needs, and this can be a problem when ponds run dry.

Another option is adding liquid feed on low-quality hay. This improves palatability, reduces dustiness and gives cows extra protein and energy. Picking says limit urea to no more than half of the daily protein source.

Stockpiled fescue can be fed when endophyte levels are lower in January and February. Graze stockpiled Bermuda grass early in winter, Picking says.

The MU Extension publication "Drought-Related Issues in Forage, Silage and Baleage" is available online. More information on forages is available from the Alliance for Grassland Renewal. The alliance includes partners from university, government, industry and nonprofit groups.

When will U.S. beef herd sell-off end?

Beef Outlook: Farmers continue to liquidate the cow herd; is now the time to expand your operation?

By: Scott Brown

The July cattle report from USDA largely met analyst expectations, confirming further liquidation in the U.S. beef cow herd.

Beef cow numbers for July 1 came in at 30.35 million head, 2.4% below one year ago and down 6.3% versus the recent July inventory peak in 2018.

Although no two cattle cycles are the same, the inventory reduction that is currently being experienced is quite similar in magnitude to the initial liquidation phase of the previous three cattle cycles.

And if the cycles of the recent past continue to be a guide for how this one will play out, we have a way to go in terms of time and declines before the situation reverses.

Past points to future

In the previous three cycles, the beef cow inventory fell an average of 7.1% after this many periods of liquidation, with the largest decline of 12% occurring in the early to mid-1980s. It was followed by more modest declines in the late 1990s (5.4%) and the late 2000s (3.9%).

The duration of the liquidation phase of the previous three cycles lasted for eight or nine years, although there were a couple of observations of modest growth in years six and seven of the 1980s cycle before declines resumed. If you use previous cycles as a gauge, the beef cattle industry is near the halfway point of liquidation.

In the 1980s and 1990s, nearly 60% of the cyclical herd liquidation took place by this point in the cycle, but in the most recently completed downturn, about two-thirds of the liquidation occurred after the point that we find ourselves in today. USDA did not publish a July cattle report in 2013.

Time to buy

Financial returns to cow-calf production and pasture and range conditions tend to be two important indicators for beef cow inventory movements.

Projections for cow-calf returns are quite positive for the next two or three years, but dry conditions remain a constraining factor. Although USDA does not provide state inventory data in the July report, a glance at the most recent drought monitor clearly shows that pressure remains for many producers to source adequate forage, especially through the southwestern part of the country.

Just as no two cattle cycles are the same, nor are two cow-calf operations. Whether your operation is in position to take advantage of a situation in which national inventory liquidation is likely to take place for a few more years not only depends on your feed availability situation, but also factors that are unique to your operation.

Considering the likely price implications of a tighter calf and feeder animal supply in the years ahead can help you set some revenue expectations that will guide future herd decisions.

Growing your herd when others are unwilling (or unable) often can be a lucrative proposition, but only you can decide if that makes sense for your operation at this time.

Brown is a livestock economist with the University of Missouri. He grew up on a diversified farm in northwest Missouri.

Tough Culling Decisions Come with Drought, Forage Shortages

"Next, cull lactating cows with bad disposition, bad eyes, bad feet or bad udders," Bailey says. "Now's time to remove cows with blemishes or poor-doing calves."

Everyone has a cull list, he adds. "But they hesitate to act if a cow has a calf." Some culling helps even in good years. Culling poor cows improves herd averages.

The goal: Keep best genetics in the herd as long as feasible. Finally, lack of feed or water forces a move.

Downsizing goes beyond simply getting rid of bad cows, Bailey says.

Early weaning and selling calves can cut feed demand. That provides needed cash but can hurt annual income.

Another strategy calls for splitting a herd into young and old females. Sell one of the groups. Two- to 4-year-olds may have superior genetics, but older cows show success in the farm's management.

Overall, culling depends on forage outlook for summer, fall and winter feeding.

Level of destocking can differ from farm to farm in the same neighborhood. Rainfall patterns vary greatly.

Bailey points out that in typical years, two-thirds of forage yield comes in spring growth. One-third comes in fall growth. That's when winter stockpiling should happen.

Missouri producers with cool-season grass always deal with summer slumps.

Even if rains return, Bailey cautions, expect below-average fall forage yields. Fortunately, fertilizer prices have come down recently. Put down 40 pounds of nitrogen in August to help boost fall growth.

Most producers are already feeding hay and may face shortages this winter. Also, hay growth this year may have been affected by spring fertilizer prices.

A big long-term problem will be winter feed, Bailey says.

Many farms face severe destocking. "Initially, consider a 25% cut," he says. "If normal rains don't return, consider another 25% later."

Selling calves early in spite of revenue loss may take care of downsizing needs.

A 50% cut ahead of fall forage growth may allow stockpiling pastures for winter grazing. That cuts feed buying but depends on a return of rainfall.

The main advice is to plan downsizing, Bailey says. Management improvements, such as shorter breeding seasons, not year-round calving, can benefit.

For optimists, drought-induced culls can be beneficial. It forces decisions and management.

To clarify thinking, Bailey offers a final thought: "Producers who last longest in cow-calf businesses are not those who make the most money in good years. They are those who lose the least in bad years."

MU Extension regional agronomy and livestock specialists can help plan. More information on forages is available from the Alliance for Grassland Renewal grasslandrenewal.org. The alliance includes partners from university, government, industry and nonprofit groups.

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