

# Cow Country Reporter



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News from your CEO

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Fall starts September 22, 2022 according to the calendar; however, Ma Nature does not always follow our calendar. The average rainfall in the Baton Rouge area for August, according to the "average" is about 5 inches. We got 11 inches and in many areas of the state the August rainfall was 18 to 20 inches. Row crop farmers are disappointed to say the least. Pasture conditions have improved but that final hay cutting had some challenges.

Cattle prices for calves at the local auction markets were \$15.00-\$20.00 cwt. higher than the same month last year and slaughter cows continue to bring higher prices. Across the drought areas, mature

cows and calves moved to the market place in June and July which could bode well for us that sell in Sept. until mid-Oct. A good number of our calves moved early, so if the wheat growing area continues to get adequate rainfall demand for our calves under 650 lbs. should be good. Check with your marketing rep. to get updates with the market and call our toll-free number 888-528-6999 hit option 3 and listen to the market report updated every Saturday. Remember, if you have not paid your 2022/2023 CPL dues please do so today. Enjoy the Fall season!

*Dave Foster, CEO*

## OKLAHOMA FALL FORAGE SITUATION

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

With Labor Day just around the corner, it is important to assess the current forage situation and evaluate the remaining potential of the growing season. The August 23 Drought Monitor shows that 98.64 percent of Oklahoma is in some stage of drought (D0-D4) with 48.60 percent in D3 (extreme) and D4 (exceptional) drought. The USDA-NASS Crop Progress report for that same week showed Oklahoma pasture and range conditions to be 33 percent Very Poor, 36 percent Poor, 25 percent Fair, 6 percent Good and 0 percent Excellent.

Hay supplies in Oklahoma are similarly limited. May 1 hay stocks were down 47.8 percent year over year and were down 43.5 percent from the ten-year average (2012-2021). Total hay production in 2022 is estimated to be down 10.1 percent year over year and down 17.1 percent from the ten-year average. Other (non-alfalfa) hay makes up over 86 percent of Oklahoma hay production on average and is the primary hay for beef cattle production. Other hay production is projected to be down 14.7 percent year over year and down 19.3 percent from the ten-year average. The total hay supply for the 2022-2023 hay crop year (May-April) is the sum of May 1 hay stocks and 2022 hay production. The total Oklahoma hay supply is projected to be down 17.2 percent from last year and down 21.7 percent from the 2012-2021 average. It will be the smallest total hay supply in the state since 2012.

Scattered rain has fallen in some parts of Oklahoma recently. This may provide a bit of additional pasture growth but is unlikely to produce much additional hay. Recent rain and any additional that might arrive soon may still be in time to help warm-season introduced and native grasses with some additional growth. Going forward, additional moisture will likely be most beneficial to cool-season forages.

The question of wheat pasture potential is always important in the southern plains this time of year. Wheat planted for forage only or dual-purpose grazing and grain is typically planted in September. A few places in the state may have sufficient topsoil moisture from recent rains to think about planting wheat soon but soil moisture does not extend very deep in the majority of the state. Prompt and timely rain will be needed for fall wheat forage production.

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## OKLAHOMA FALL FORAGE SITUATION

If wheat pasture does become available, it may be used somewhat differently than usual this fall and winter. Given the limited hay supply, proportionally more wheat pasture is likely to be used for cow herds than for stocker production. Even if there is wheat pasture, stocker demand may be somewhat lighter than usual this year. However, the fall run of calves may also be smaller than usual. In the past seven weeks, the Oklahoma combined auction total for feeder cattle has been up 13.6 percent year over year as feeder cattle have been marketed earlier than usual. Additionally, the auction volume of cull cows has been up 108.1 percent year over year in the same period as producers continue to adjust cow herds to match the limited forage supplies available for fall and winter.

*Dr. Derrell Peel discussed the effects of hay prices and pasture conditions on the beef market on SunUp TV from August 20, 2022. [https://www.youtube.com/watch?v=LZaowz\\_-iSY](https://www.youtube.com/watch?v=LZaowz_-iSY)*

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## PRESERVING PASTURES AND A LEGACY

*The base of the sell/buy inventory triangle is money and feed, and maintenance is key.*

By: Doug Ferguson

BEEF always places their disclaimer at the bottom of these articles. This week I'll just put it right up front that what I am about to write is purely my opinion, and will be a bit politically charged to some.

I have written numerous times over the years about protecting the base of the inventory triangle which consists of money and feed. This week the feed portion I am referring to is pasture. Usually when I write about this, I am making a reference to better grazing management. This week I am writing about it from a business perspective and that of a dream and a legacy.

I just want to put this right up front since I am a money guy. At no point should the pasture or land be sacrificed in any way to pocket some money.

This week I was contacted by a utility wanting to put up wind turbines on some pasture I own. They put up a wind farm just a few miles away from me, so I have gotten to see first-hand the problems that come with them. Building these things requires quite a process involving a lot of trucks and heavy equipment. And then there is the huge hole they dig to fill with cement. I have seen these things spring massive oil leaks and one even collapsed. None of this is ecologically friendly.

All that heavy truck traffic is hard on country roads. If we are going to talk money, we need these roads in good shape and maintained to ship cattle when they become over-valued. That is how we capture the value of production from our land. If we do a good job marketing this is not a problem.

If we do not understand or possess the necessary marketing skills to capture the full value of production from our grass then we may consider selling out, or in this case selling right of way. There are only two reasons to sell out. One is we are retiring and the other is we are not making any money.

The meaning of diversification

Some people will say allowing these things on their land is smart because they are diversifying. In agriculture, the word diversify implies failure. That is how it was taught to me. I was taught to have cattle and crops, so that on the years my cattle didn't make any money the crops would, and the opposite would hold true on the other years. All this paradigm did was imply that it was okay to fail. Heck it's all based on a plan to fail. In my marketing schools I talk about multiple sources of income because it implies every enterprise will be a profit producer

In my schools I talk very briefly about grazing and pasture management. With better grazing practices we can build a better solar panel. The solar panel I am referring to is the grass. If we do a better job grazing, we will have a better pasture with more grass growing which is the better solar panel. We then can capture and utilize more free energy from the sun. We will also capture more of the rainfall we get. In whole the ecological processes will improve. I have seen well managed grazing heal many different things in pastures.

With these utilities on the land there is a kind of invasiveness that comes with them. This will inhibit production from that land.

Another thing I pinpoint in my schools is that we can make more money running smaller cows. This is the whole pounds per acre thing. I have never discussed it here because I try to keep my focus on sell/buy marketing.

Think of this for a moment. If we had smaller cows and more pounds per acre, improved grazing management creating and utilizing a better solar panel, and couple that with sell/buy marketing we wouldn't throw all that out of balance with the invasiveness of a utility.

The guy that called on me was not prepared for that conversation. For me it was not about the money. I have things in place for that. To me he was attacking my dream and my hopes of a legacy. You don't put a price on that. If you know your worth and the value of the land these guys are no match, and the base of the triangle is protected for future generations to capitalize.

This week we could have sold a 930-pound steer off grass for \$1.81. At the same sale we could have replaced with 480-pound steers at \$2.20. The Return on Gain (ROG) would be nine cents higher than our Cost of Gain (COG). The ROG is the ratio of dollar to pounds on the swap. In other words how much we are getting paid for the difference in pounds. When the ROG is equal to or higher than the COG we are making money. I say equal to and making money instead of breaking even because we have profit already figured into our COG. So, this trade makes more money than we originally had penciled in, or excess profit!

We can do this all day long with steers, heifers, and breeding stock. At the end of the day we can enjoy a sunset with our family without shadow flicker or blinking red lights. I guess we can say that marketing skill can improve your quality of life.

Cattle market review

This week heifers steadily held their Value of Gain (VOG) higher than the COG. This will allow us to do trades throughout the entire spectrum. The heifer market is extremely liquid right now. The VOG was much more volatile on the steer side, and it varied from one sale to another. If we sold the right weight of steer at the right sale we would be set up for a monster trade.

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## **PRESERVING PASTURES AND A LEGACY**

But what if you didn't sell that extremely over-valued steer? Geographical spreads are a big factor. A little road trip to a different area will land you in some good buys. There is always the discount for buying feeder bulls which were up to 30 back this week. And the unweaned cattle that were up to 17 back. I always pinpoint these in this column because it is an easy upgrade and trade.

Heading to Husker Harvest Days? You can catch Doug Ferguson live each day at 12:15 as he offers ways to put more money in your wallet with sell/buy marketing. And it's your chance to talk with him each day. Husker Harvest Days runs Sept. 13 – 15 near Grand Island, Neb. Make plans to attend.

*The opinions of Doug Ferguson are not necessarily those of beefmagazine.com or Farm Progress.*

## **SKILLED LABOR, LONG TERM SOLUTION, FOR MEAT PROCESSING INDUSTRY**

Seeing the need for sustainable, skilled labor, state departments of agriculture have implemented innovative solutions.

Moving into the post-pandemic era, an issue facing many industries is the U.S. labor shortage, and the meat processing industry is no different. Twenty-seven state agriculture departments operate state meat and poultry inspection programs enabling agriculture departments to be in a prime position to hear producers' and meat processors' needs for improving meat processing capacity.

With fewer workers and an increase in demand, the National Association of State Departments of Agriculture is hearing from the farm to the packing house that innovative solutions must be found to ensure long-term health for the industry.

In 2021 NASDA successfully worked with USDA to support meat processors throughout the pandemic's ever-changing challenges, but today NASDA is focused on finding a sustainable workforce for the industry.

Going beyond labor supply, ensuring workers have the training and tools needed to efficiently produce safe, high-quality meat is essential. NASDA advocated for funding USDA's Meat and Poultry Processing Workforce Development Program and Meat and Poultry Workforce Technical Assistance Program, which provide technical assistance and workforce training and development.

The Kansas Department of Agriculture recently hosted a meeting to bring together representatives from the beef packing industry, livestock transporters, national and state livestock industry associations, renderers, state and federal animal health agencies and academia from 11 states to discuss how the industry can better prepare for unexpected challenges.

Seeing the need for sustainable, skilled labor, state departments of agriculture have implemented innovative solutions.

During the pandemic, The Oklahoma Department of Agriculture, Food and Forestry and the Oklahoma CareerTech partnered to establish a meat processing training program in response to the ever-growing need for workforce development in the meat processing industry.

"Food processing in Oklahoma never stopped during the pandemic," says Oklahoma Secretary of Agriculture and NASDA Animal Agriculture Committee Chair Blayne Arthur. "Partnering with Oklahoma CareerTech to establish industry education protects the future of the food processing industry. The Meat Processing Workforce Education program, featuring a mobile meat laboratory and the accompanying online courses, provides an exceptional opportunity for our state's agriculture industry to add highly qualified individuals to the food processing workforce."

In addition, the Iowa legislature adopted the recommendations of the Artisanal Butchery Task Force, an initiative led by Secretary of Agriculture Mike Naig. The task force was charged with exploring the feasibility of creating an artisanal butchery program at community colleges or Iowa State University to help address worker shortages and other barriers to opening or expanding a small meat processing facility. The idea for the task force followed the successful utilization of CARES Act funded Meat Processing Expansion and Development grants.

"The pandemic disrupted the supply chain, heightened interest in meat lockers and small-scale processors, and drove intense attention toward local foods. We immediately started looking for ways to help them tackle their capacity challenges head on," says Naig. "To assist with the growth of existing meat processors and find ways to establish new businesses, our task force looked at issues from workforce training and educational programs to regulatory hurdles and opportunities to better market their products. There is a lot of optimism about the future here in Iowa."

*Source: National Association of State Departments of Agriculture, which is solely responsible for the information provided, and wholly owns the information. Informa Business Media and all its subsidiaries are not responsible for any of the content contained in this information asset.*

## **CAPTURING MORE OF YOUR CALVES' VALUE WITH PRECONDITIONING**

By: Paul Beck - Oklahoma State University

Why should buyers at cattle auctions pay \$10 to 15/cwt premiums for the best cattle that have received the best management, if they can get the same thing at commodity prices?

Kellie Raper and Derrell Peel have been comparing prices of preconditioned (uncertified), certified preconditioned, and un-preconditioned calves at Oklahoma livestock auctions for several years. The results from 2021 showed calves in the Oklahoma Quality Beef Network, a certified preconditioning program supported by the Oklahoma Cooperative Extension Service and Oklahoma Cattleman's Association, had average premiums of \$14.70/cwt for steers and \$15.19/cwt for heifers.

Premiums were as high as \$24.53/cwt for 4-weight steers, but even 7-weight steers received average premiums of \$13.42/cwt. Often calves in these certified preconditioning programs bring substantial premiums (\$5 to 15/cwt) over calves that are preconditioned without certification, this is because cattle announced to 'have all their shots' are an unknown commodity unless the seller's reputation is known by buyers.

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## **CAPTURING MORE OF YOUR CALVES' VALUE WITH PRECONDITIONING**

Our customers (stocker operators and feedlots) want matched sets of calves that are weaned, castrated, dehorned, familiar with water and feed sources and able to resist disease challenges. Calves need to have a sound, balanced nutritional program and be free from internal parasites in order to have an immune system fit enough to withstand the marketing and transportation channels of our beef production system.

Preconditioning calves before marketing reduces shrink because the stress of separation from the dam has already occurred and calves are familiarized with handling and feed and water sources. Weaning is stressful and calves are often unfamiliar with water and feed locations, so may refuse to eat or drink even when feed and water are offered. Un-weaned bawling calves transported directly to the auction market will have massive weight losses through the marketing channels with shrinks often reaching 10 to 15%, opening increased risk to succumbing to disease. Preconditioned calves shrink much less when handled properly, we have commonly seen shrinkage of only 2 to 5% in preconditioned calves.

Buyers are seeing the benefits of preconditioning. Research comparing receiving performance and health of preconditioned calves versus commodity calves purchased from an auction market showed preconditioned calves gained more and were heavier than auction market calves at the end of the receiving period. Preconditioning decreased bovine respiratory disease by 90% and antibiotic costs of un-preconditioned auction market was increased 8-fold.

The Oklahoma Quality Beef Network (OQBN) Vac-45 program is one example. The OQBN Vac-45 program requires:

- The calves must be weaned for 45 days or longer.
- The calves must be ranch raised (not purchased and put together).
- Bull calves must be castrated and healed.
- Calves must be dehorned and healed.
- Calves must be identified with OQBN ear tag.
- Calves must have been vaccinated in accordance with preset protocols

Paul Vining, the new coordinator of the OQBN program shares details about upcoming special sale dates on SunUp TV. <https://www.youtube.com/watch?v=DAPD4nV-sUc>

For more details and to enroll in the OQBN program go to [www.oqbn.okstate.edu](http://www.oqbn.okstate.edu)

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