

# Cow Country Reporter



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News from your CEO

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Happy New Year! My prayer for all of you is the year 2023 be safe, healthy and prosperous and with your help may CPL be a leader in the Louisiana cattle industry.

Looking back on 2022 we saw a slight decrease (2%) in receipts at our 7 Louisiana auction markets, 217,493 compared to 222,330 in 2021. In the last four months of 2022 fed-beef production was 3.3% higher than the same period a year ago. This fall about 3/4 of all cattle in the U.S. were located in areas experiencing drought and a quarter were in areas of extreme drought. Heifer-fed slaughter averaged 39.3% for 2022 with October and November 41% and 42% respectively. This high heifer slaughter rate was a result of

ranchers selling their replacement heifers due to the drought conditions. Saving replacement heifers in 2023 will extend higher prices for a few years as market numbers will be lower. Keep those calves alive and growing, check with your marketing agent to set up a marketing plan and always remember BE FLEXIBLE! Check out the articles in this newsletter about an award to a CPL member and a Louisiana guest columnist. Also call our toll-free number 888-528-6999 option 3 for a livestock report updated on Saturdays. Finally, USDA, AMS is starting the Cattle Contracts Library on Jan. 6, 2023. We will have the link on CPL's website under "Helpful Links".

*Dave Foster, CEO*

## COLD WEATHER FEEDING TACTICS AND ECONOMICS

By: Dwane Link - Cattle.lytix Research and Consulting

It's no secret we are in the throes of liquidation, dwindling cow herd numbers due to drought and consolidation over the last few years has reduced the overall number of cattle headed into the supply chain. Demand has remained somewhat constant and will continue to grow as domestic population continues growing, by natural attrition and by immigration. For the reasons stated above, cattle prices will remain steady and trend higher for at least the better part of 23 and most likely into 24. If that is true, how can we prepare our operations to capture the spoils of a high market. The solution is reproductive efficiency, which equates to selling more calves. What can we do to increase that efficiency? The short answer is maintaining a good Body Condition Score, especially through the cold weather months.

For the most part Louisiana is considered to be a mild climate during the coldest part of the year. However, when you consider the effects of relative humidity in conjunction with dropping temperatures, and wind chill, it becomes a diabolically cold situation. Historically, the coldest part of the year tends to be the first week of February. As I write this, we are three days away from seeing sub-20-degree weather in December. The question is how do we handle extreme winter temps and what can we do to mitigate the effects on our cowherds.

Body Condition Score (hereinafter BCS) is a simple way of keeping track. Pick a date each month (preferably prior to onset of cold weather and heavy caloric needs) and record your estimate of body condition score, compare to last month, consider upcoming months and seasons, then adjust and plan for nutritional needs accordingly. By far, it is less expensive to stack weight on a female when her nutritional requirements are at the lowest (first, second trimester of gestation). South Dakota Extension has a great table that details body condition score, it is worth looking at.

Improved BCS can be attained various ways, 1. weaning calves early will relieve her of the nutritional strains of lactation. Therefore, allowing her to build up BCS, and going into the winter with a "sacked lunch" in the form of fat reserves. 2. Access to adequate mineral packs, parasite control, and a strong forage or supplemental feed system.

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## COLD WEATHER FEEDING TACTICS AND ECONOMICS

A cold weather strategy you can implement now: Feed cows at 9 pm starting 3 days prior to cold weather event. For the same reason that an athlete would stack and load energy and carbs before a grueling competition. Cows begin to generate body heat through digestion beginning 4-6 hours from intake. IE. Feed at 9pm- body heat ramps up at 1 am, Cows stay warm through the coldest part of the night, effectively reducing the use of internal fat reserves. Recommended Feeds would be any high caloric by product feed.

Here are the economic effects of BCS on your operation. According to SDSU and Kunkle from University of Florida et al, pregnancy rate as it relates to BCS. BCS 3 = 43%, BCS 4 = 61%, BCS 5 = 86%, BCS 6 = 93%, respectively. For the sake of simplicity, a simple cow cost of \$502 and wean weight of 450 lbs. At 43% preg rate breakeven is \$2.59 per lb. Current market price for 450 wt steers, \$2.25 per lb. equates to a loss of (-\$.35) per lb. On the other end of the spectrum, 93% preg rate lowers the breakeven to \$1.20, equating to a net profit of \$1.05 per lb. The example above illustrates BCS 3 shows a loss of (-\$157.50) per head, and the BCS 6 shows a \$472.50 net profit. There is a \$630 spread between BCS 3 and BCS 6, meaning you can afford to spend up to an additional \$472.50 per head on feed before incurring loss. Bottomline, producers net more money by maintaining a higher BCS rather than lower.

Admittedly, it is not fun getting out late in the evening to go feed. For the most part there will only be a handful of nights out the year for this inconvenience, and for that effort the cows will thank you with substantial dividends.

## DIFFERENT FEEDLOT DYNAMICS IN 2023

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

The final USDA Cattle on Feed report for the year shows that feedlot inventories continue to decrease. The December 1 total of cattle in feedlots was 11.673 million head, down 2.6 percent year over year and the third consecutive monthly year over year decrease in 2022 (Figure 1). November placements were down 2.1 percent year over year; a bit larger than expected, but still down for the third consecutive month. Feedlot marketings in November were about as expected, up 1.2 percent year over year.

Drought pushed more cattle into feedlots earlier this year and kept feedlot totals higher for longer. Monthly inventories from February through June of 2022 were not only higher year over year but were at record monthly levels in the cattle on feed data series that began in 1996.

Figure 1. Cattle On Feed  
US Total, Monthly

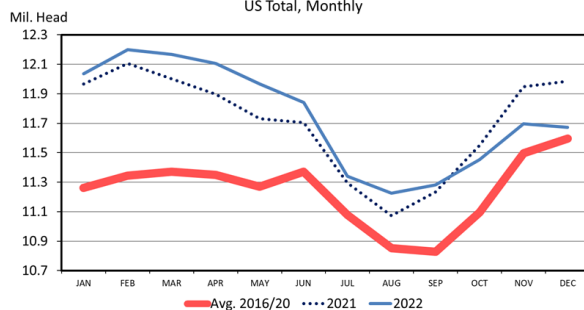
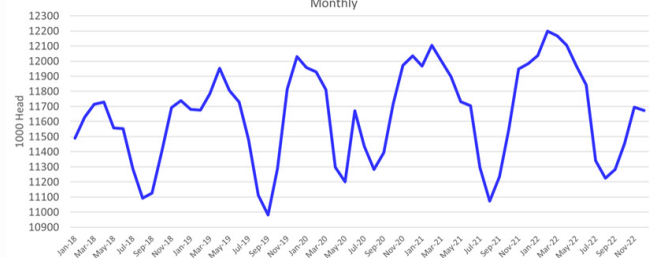


Figure 2 shows the seasonal variation in feedlot inventories in recent years. Feedlot inventories typically peak in the late fall or winter and reach a seasonal low in late summer/early fall. The five-year average from 2016-2020 in Figure 1 (red line) shows that feedlot numbers peak in December on average and are seasonally low in September.

Figure 2. Cattle on Feed  
Monthly



However, in 2021 and 2022, the seasonal peak has been in February with the low in August (Figure 1). In the past five years, the variation from the seasonal peak to the seasonal low has been about 890,000 head, or about 8 percent of the average annual feedlot total.

Figures 1 and 2 may also be showing changes that will be very important in the coming year. Feedlot inventories decreased from November to December. This may signal that the seasonal peak is already in place, although it is too early to be sure. The last time that December feedlot inventories were lower than November occurred in 2016. In that instance, feedlot inventories decreased in December and January before jumping higher to a belated peak in June 2017. I believe it is unlikely that feedlot inventories will move higher anytime in 2023 and the November 2022 total may be the peak for many months. Time will tell.

## WHOLESALE BEEF PRICES SPIKE HIGHER FOLLOWING WINTER'S WRATH

By: Greg Henderson

Wholesale beef prices have performed exceptionally well over the past few weeks, and the Choice beef cutout has spiked higher the past week. On Tuesday the Choice boxed beef cutout printed at \$280.04 per cwt., or \$8.09 per cwt. higher than the previous trading day.

At least some of the price rally is due to disruption from the recent extreme winter weather.

"Extreme cold negatively impacts cattle in feedlots as the animals burn more energy to survive," says Steiner Consulting Group senior economist Altin Kalo. "We have yet to see the full effect of this and it will be more an issue in January as extreme cold weather results in lower gains and delays marketings."

Feedyards are more current than they were a year ago at this time when the choice cutout was trading at roughly \$260 per cwt. USDA's Dec. 1 Cattle on Feed report counted the supply of cattle with 120-plus days on feed was 76,000 head smaller than in 2021 and the smallest number of that weight group since 2018. Winter weather can quickly shrink the number of those cattle that are market-ready.



## CPL Congratulates One Of Our Own

### GELBVIEH COMMERCIAL PRODUCER OF THE YEAR: BROADVIEW RANCH

By: Megan Underwood

Broadview Ranch is the recipient of the 2022 AGA Commercial Producer of the Year award. Broadview Ranch was presented with this honor during the awards banquet of the 2022 AGA National Convention on December 9, 2022, in Louisville, Kentucky.

Broadview Ranch is a commercial cow-calf operation located in Centreville, Mississippi, and operated by the Henry Darden family. Darden is the third-generation of Broadview Ranch and has been in the cattle business since his father started in 1942. Today, the ranch is home to a herd of 420 brood cows and utilizes a simplified crossbreeding system focusing on Balancer® genetics.

Darden has a passion for reading and studying new trends to improve operation management as the industry continues to progress. Darden credits an article written by Dr. Keith Gregory from the U.S. Meat Animal Research Center in Clay Center, Nebraska, for encouraging him to look further into simplified crossbreeding.

A professor at Mississippi State University recommended Darden add Gelbvieh genetics to his herd as they thrive in the humid, wet environment of southwest Mississippi. Darden began using Gelbvieh/Hereford crossbred bulls from South Dakota and has used Gelbvieh or Gelbvieh-cross bulls ever since.

"We swapped over to the Balancers that are a very nice cross which helps the farm with easy crossbreeding," explained Darden. "We have bought Balancers exclusively for probably five years."

Balancer cattle are heat tolerant and allow for easy calving on the ranch. Darden retains ownership of his calves through the feedlot and is continually looking for new opportunities to increase his profit in the commercial cattle business. He has recently started feeding his calves in Iowa through an all-natural beef program.

"The Balancers are an easy cross for us because we like the black-hided cattle," said Darden. "I spend hours looking at the EPDs on the bulls we buy. We focus heavily on carcass, calving ease, and stayability traits, and always buy all of our bulls from the same producer."

The AGA Commercial Producer of the Year Award honors individuals who use Gelbvieh and Balancer® genetics in progressive commercial cattle operations and are proactive in their promotion of the breed.



*Pictured above (left to right): Henry's daughters; Julie Kent and Jenny McKay, Henry Darden, and award presenters; John and Laurie Burbank. (AGA)*

### WHOLESALE BEEF PRICES SPIKE HIGHER FOLLOWING WINTER'S WRATH

While that will affect supplies in coming weeks, Kalo says it has also created other impacts.

"In the very near term the storm has significantly affected the movement of cattle from feedlots to processing plants, plants' ability to bring workers in, and the movement of beef from processing plants from the middle of the country to metropolitan areas," he says.

Fed cattle slaughter the week of Dec. 5 was near full capacity and total fed slaughter that week was 497,000 head. The following week saw fed slaughter decline 16,000 head and then another 69,000 head the following week, resulting in fed slaughter the week of Dec. 19 down 15% that two weeks prior.

"If the last two years have shown us anything it is that the beef market can be very inelastic in the near term, with retailers and foodservice operators needing to get supply for the meat case and run further processing plants," Kalo says. "Normally we see the price of bone-in and boneless ribeyes decline sharply in December once Christmas orders have been filled. That was not the case this year because packers simply did not have the meat to fill those last-minute orders, causing buyers to scramble to get replacement product in a very thin spot market."

Kalo noted the rib primal was \$548 per cwt. early this week, the highest for the year even though Christmas demand was done.

"Why are people paying that kind of price? Because they are short and when you need to fill orders in a market where supply is thin you end up paying whatever it takes to outbid the other guy. It may not last, but for now that's the price to pay for the disruption," Kalo says.

An additional influence on wholesale beef prices is a large forward sales commitment packers made in early December. Kalo said that was for product delivering 22 to 60 days out, or retail features for January and February.

Some of that product may already be scheduled, limiting spot supply. Beef sales 22-60 days out in the three weeks ending December 16 were a total of 2,953 loads, higher than the previous year and 38% higher than in the same three week stretch in 2019 (pre-COVID).

"So here we are with likely less supply of market ready cattle for January in feedlots, more weather stressed cattle and more beef booked for delivery," Kalo says. "Spot buyers/traders woke up to this reality during the Christmas week storms and may feel the effects of tight supplies well into January."





## 2022 YEAR IN REVIEW

By: Mark Z. Johnson, Oklahoma State University Extension Beef Cattle Breeding Specialist

Ahh, the year of 2022! It was full of challenges for those of us in the cattle business. Drought, high input cost, excessive heat ..... and more drought! As much as I would like to dismiss and forget the past year there are too many lessons to learn from 2022 that can make us better at the cattle business in the future to just dismiss. If the past year did not test your resilience and resourcefulness ..... you must not have owned any cattle! As we look forward to 2023 and the opportunities that lie ahead, this week I reflect on what we can learn from 2022.

1. The cattle business is based on having an available forage base that cattle can graze and turn into beef. The key to profitability is to find a long-term balance of input expenses and production levels. Without grazable forage, finding that balance is next to impossible.

2. Prepare for drought when you are getting normal rainfall. Prepare for normal rainfall while you are in a drought. If you can manage to accomplish this it prepares your operation to survive and positions you to financially capitalize on the opportunities that will present themselves in the form of low cattle inventories.

3. Cattle are adaptive creatures. Although “you can’t starve a profit into a cow” it is amazing what the ruminant digestive system can convert. If you are willing to do the math, know your cattle’s nutritional needs and are willing to try something new, there are innovative ways to maintain your cows.

4. Proper culling methods to reduce inventories leave you with a better cowherd.

5. It’s not just the cattle, remember to care for the soil and plants.

6. The tough years can make you a better manager if you remember the lessons of 2022. I remain steadfast in my belief that good markets await those who can manage through this.

Since I started writing for Cow-calf Corner, I am frequently asked “how do you pick your topics each week?” The “easiest” part of 2022 was picking a topic because it seemed there was critical need for information addressing a new crisis each week. Would it pay to fertilize Bermudagrass? Preventing heat stress? Culling criteria? Early preg checking? Would it pay to turn your weaned calves into yearlings with no wheat? I may not have been able to provide a “silver bullet” answer but tried to address what you were dealing with on a weekly basis to provide help.

Happy New Year and best of luck to cattlemen and women in 2023!

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