

OFF THE HOOF

Kentucky Beef Newsletter – October 2009

Published Monthly by Dr. Les Anderson, Beef Extension Specialist, Department of Animal & Food Science, University of Kentucky

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Don't Forget!

Dr. Les Anderson, Extension Beef Specialist, University of Kentucky

October 27 Kentucky Beef Conference, Fayette County Extension Office 9 am

October 29 10th Kentucky Grazing Conference, Princeton

Timely Tips

Dr. Roy Burris, University of Kentucky Beef Specialist

Spring-Calving Cows

- Schedule a pregnancy examination of cows if not done previously. Winter feeding costs can be minimized by eliminating open cows prior to winterfeeding.
- Wean calves before cows lose body condition.
- Obtain weaning weights of your calves and enter this in a record keeping program. Keep good records and treat your cow-calf operation like a business.
- If you have already done a preweaning working, revaccinate (booster) calves as needed. Treat calves for internal and external parasites. If you vaccinate calves yourself, be sure to handle and administer vaccines properly.
- Weaning is the time to do your first round of culling and selecting breeding stock. You can eliminate obviously inferior calves, especially those with wild or nervous dispositions. Consider the number of heifers that you will need to save for your cow herd. Bulls which are old, unsound, roguish, etc. can be culled now. It is not too early to begin thinking about replacements now.
- Evaluate the body condition of your cows. It is easier to improve their condition prior to winter.

Fall-calving herds

- The calving season is in full swing for fall calvers. Check cows frequently, even though weather-related stress isn't as much of a problem as spring-calving can be. Identify calves and commercial males should be castrated and implanted.
- Obtain yearling measurements (weight, hip height, scrotal circumference, etc.) on replacement animals—especially for registered ones. The largest measurements for weight, height and pelvic areas aren't what you are looking for. In most cases, you are more concerned with minimums, like eliminating heifers with very small pelvic areas so that you minimize their likelihood of calving difficulty. Or, you might even want to eliminate some animals when it appears that their size and frame is too large to fit your program and goals.
- It is time to get everything ready for the fall-breeding season, too. Line-up semen, supplies, etc. now and get your bulls ready to go (don't forget their breeding soundness evaluation).
- Put fall-calving cows on accumulated pasture before the breeding season.

Stockers

- Manage to keep newly weaned and/or purchased calves healthy. Calves should be penned in a small lot with adequate feed, water and shade to reduce stress. Careful handling and comfortable, uncrowded conditions can decrease stress.
- If you are purchasing weaned/stressed calves, have your receiving/feeding program in place. Feed a stress ration which contains at least 13% protein and is fairly energy dense.
- When newly-weaned calves are purchased in the fall, sickness and death loss can be a big problem. Work with your veterinarian on a health and receiving program. Consider purchasing CPH-45 feeder calves which are preweaned, vaccinated, bunk-adjusted and treated for parasites.
- Watch calves closely for a few weeks after their arrival. Have a treatment program ready for any health problems. Early recognition of sick cattle improves their chance of recovery. Watch for drooped ears, hollow appearance, reluctance to rise, stiff gait, coughing and dull or sunken eyes. A good "receiving" program is essential to profitability.

General Reminders

- Remove fly-control eartags from all animals, dispose of according to instructions on package. Treat for grubs/lice.
- Test hay quality and make inventory of hay supplies and needs. Make adjustments (buy feed or sell cattle) before you run out in the winter.
- Avoid prussic acid poisoning which can happen when frosts rupture the plant cells in sorghums, sorghum-sudan hybrids, sudangrass and johnsongrass releasing prussic (hydrocyanic) acid. Fields can be grazed after the plants have dried up after a frost. New growth that occurs in stalk fields is potentially dangerous whether frosted or not.
- Take soil samples for soil analysis to determine pasture fertility needs. Apply phosphate, potash and lime accordingly.
- Do not harvest or graze alfalfa now in order for it to replenish root reserves.

What's the Real Bottom Line?

Dr. Roy Burris, Beef Extension Specialist, University of Kentucky

The bottom line of a complete budget generally refers to what is left after covering all costs – including depreciation, labor, land, management, etc. But most of the time cow-calf producers operate with a partial budget where the bottom line is “returns to land, labor and management”. In other words, we may be interested in what's left over after we cover “out-of-pocket” costs. Most economists would say that only works in the short-run but small cow-calf producers stay in business over many years.

Small cattle operations that do not always cover all costs tend to survive and thrive. In fact, if we were to combine Kentucky and Tennessee, it would be the second largest cow-calf state in the U.S. with 2,065,000 beef cows that have calved. Hmmm...maybe the smaller producers should unite and work together. I'm just saying...

But, let's get back to the bottom line. How do we sometime survive with very little return to “land, labor and management”? Paying for land is very difficult in cow-calf operations. We used to depend on tobacco to make the mortgage payment but not so much now.

If the land is paid for, we may be concerned with building equity and accumulating wealth. We want the land to be taken care of and hope we can make money on it but that doesn't always have to happen, mainly because we want a house with some acreage and are willing to work in town to pay for it. Yes, most of our cow-calf producers are part-time farmers but that doesn't diminish their importance to the industry.

In order to be a full-time cattleman, our beef herd needs to be an “economical unit”. That is to say it needs to be large enough to support the family. If a commercial operation could consistently return \$100 per cow then it would take 300 cows to net \$30,000 dollars. Most of our herds aren't nearly that large. However, purebred operations may return more per head which probably accounts for a very large percentage of our operations selling seedstock.

The crux of the matter is that it is very difficult to pay for a farm with a cow-calf operation but the cows can contribute and help you accumulate some wealth. Cattle consume forages from land that has few alternative uses. We either use it or let it grow up.

Now, what about labor and management? We can generally lump those two things together in a small cattle operation because they may refer only to one person – you! We certainly expect to have a good outcome with money left over. But, let's face it; many times we would rather be working with our cows than playing golf or some other expensive hobby. Our physicians would probably prefer that we were out working on the farm rather than watching television. So how much do you have to pay yourself? We hope for a good year but are usually able to survive a bad one.

Some folks would argue that we don't always react to normal economic signals like price and might, therefore, be a drain on the industry. Conversely, I believe that we have a competitive advantage in terms of forages that we can produce, and people that understand and love the industry. Let's use that advantage.

There are a lot of small producers in this industry and our goal is to make each operation more profitable and more enjoyable. There's nothing wrong with that. Some “cattle states” may say that we should count cattle instead of producers to determine representation in the NCBA, but I say count either one and the southeast is still a major player in the beef industry.

A New Technology for Determining Pregnancy in Your Cows

Dr. Les Anderson, Beef Extension Specialist, University of Kentucky

Last month I discussed the importance of obtaining a pregnancy diagnosis on your cows this fall. Pregnancy rates appear to be lower than normal this year likely due to the cows suffering through two consecutive years of drought. I received several questions regarding a fairly new technology for determining pregnancy in cattle. Researchers have developed a method to determine pregnancy in cattle via blood sampling. The blood test is called BioPRYN and is marketed by a company called Bio Tracking LLC.

The blood test method to determine pregnancy is simple and accurate. First, a blood sampling kit needs to be ordered from the company. The easiest method is to go to biotracking.com and look for their products. Usually, the cost is about \$1.55 per cow for the kit. All the tubes should be labeled according to the instructions in the kit. The most difficult part of this process for most producers will be obtaining the blood sample. Cows must be at least 30 days pregnant and 90 days from calving for the test to work. Also, producer's who have no experience taking a blood sample will need to schedule this test with their local veterinarian. Once the sample is obtained, the samples are packaged and sent to one of Bio Tracking's 25 laboratories located across the US. The cost for the test is \$2.40 per cow. So the total cost per cow will be the cost of the kit (\$1.55), plus the test cost (\$2.40), plus the cost of mailing and any costs associated with obtaining the sample if you cannot do it yourself. Likely the cost per cow will be less than \$5 for most producers.

The results are normally obtained with 2-3 weeks and the accuracy of the test is very high. If the test calls the cow open, then the producer is 99+% sure the cow is open. When the test determines a cow pregnant, you can be 93-95% sure they are pregnant. This test will not determine stage of pregnancy (i.e. 90 days versus 120 days).

Many beef producers in Kentucky have limited access to large animal veterinarians. Using this blood sampling technique for pregnancy determination may be a solution to these producers who have been unable to obtain a pregnancy diagnosis in their cows.

Kentucky Beef Cattle Market Update

Kenny Burdine, Livestock Marketing Specialist, University of Kentucky

The fall calf market continued its price slide through September. As mentioned before, prices tend to decrease seasonally as we move from summer to fall and winter. However, fall price slides were incredibly steep last year and have started looking that way in 2009. The first week of October, 500 to 600 lb Medium / Large Frame #1 steers were trading in the low-mid \$90's on a state average basis. At the same time, 7 weights were trading in the mid \$80's. Both have fallen substantially from mid-August. Feeder cattle typically make their seasonal lows in November or December.

Shifting gears a bit, I wanted to revisit cull cow prices this month. Cooperatives Working Together (CWT) recently announced their third round of dairy herd retirements for the year. Bids will be accepted through October 15th. We discussed this topic in June, as we were considering the impact of the 1st round

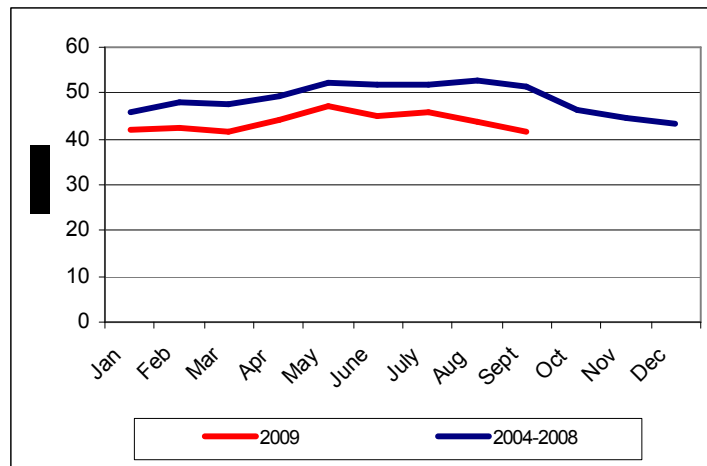
of CWT buyouts on cull cow markets. The first two CWT retirements removed about 175,000 dairy cows from production. It's not clear at this point how many cows will be removed as a result of this third round.

There are multiple impacts from a retirement program such as this on beef cattle producers. The longer term impacts are positive, although likely very small, as there will be fewer dairy cows in production and fewer Holstein feeder steers on the market once the cows are removed. In the short term however, it concentrates additional cows in the slaughter market and would be expected to have a negative price impact on slaughter cows.

The chart below shows Kentucky auction prices for boning 80-85% slaughter cows. Note first, that 2009 cow prices have been below the 2004-2008 average each month. Note also that we are approaching the seasonal low in cull cow prices, which typically occurs in the early winter. Once the October 15th deadline passes, farm audits will commence and producers are expected to sell cows within 15 days of the farm audit. So, it is very likely that slaughter of these dairy cows will coincide with the seasonal lows in cull cow prices, most likely putting additional pressure on those prices.

While it is not clear how many cows will be retired, beef producers should be aware of the timing as it has the potential to impact cull cow prices for a window of time this fall / early winter. More specific information about numbers and timing will be available once bids have been accepted and audits have begun.

Kentucky Auction Prices
Bonning 80-85% Slaughter Cows



Source: KY Livestock and Grain Market news

Roberts Agricultural Commodity Market Report

Mike Roberts, Commodity Marketing Agent, Virginia Tech University

CORN futures on the Chicago Board of Trade (CBOT) closed higher Monday. DEC'09 corn futures finished at \$3.414/bu; up 8.0¢/bu but 44.75¢/bu under last report. The MAY'10 contract closed at \$3.632; up 7.75¢/bu and 3.0¢/bu higher than last Monday. Weather worries over frost potential, a weaker U.S. dollar, higher-than-expected exports, and chart signals for profits after last Friday's sell off were supportive. A frost is forecast next weekend for the U.S. Corn Belt and is expected to hurt immature corn there. USDA put the U.S. corn crop at 57% mature, harvest progress at 10%, and corn in good-to-excellent condition at 70%; up 2 points from last week. Traders expected USDA to report the U.S. corn crop at 50% mature and 10-12% harvested. USDA put corn-inspected-for-export at 38.504 mi bu vs. expectations for 32-35 mi bu. U.S. cash corn bids were mixed; weaker where harvest pressure was on and steady to firm where harvest is yet to begin. Cash corn in the U.S. Mid-Atlantic states was steady to firm ranging from 3.0-7.0¢/bu higher. Funds bought 9,000 contracts while large speculators turned net bullish covering nearly 23,000 net short positions. Speculate with 30% of the unsold '09 crop.

LIVE CATTLE futures on the Chicago Mercantile Exchange (CME) were down on Monday. Short covering, weak chart signals, bear spreading, and lower cash markets pressured prices. The OCT'09LC contract closed down \$0.275/cwt at \$82.675/cwt; \$3.425/cwt lower than this time last week. DEC'09LC futures closed at \$83.900/cwt; off \$0.100/cwt and \$1.870/cwt lower than last report. October futures set a 10-month low while the December '09 through October 2010 contracts set lifetime low marks before gaining a few cents back on the close. Cash cattle in the southern Plains were off \$1.50/cwt last week with no bids expected on Monday. USDA placed the 5-area average at \$82.23/cwt; \$1.31/cwt lower than last report. Higher unemployment figures are indicating that consumers are eating out less and buying cheaper cuts of meat. This is keeping the lid on packer bids for beef. USDA early on Monday put the choice beef cutout at \$134.72/cwt, up \$0.06/cwt but \$4.08/cwt lower than this time last week. One bright spot for U.S. cattle producers are news reports from Buenos Aires, Argentina showing a surge in cattle processing. This is raising concerns that the current pace will deplete country stocks leading to domestic beef shortages in that country and a halt to all exports next year. This may provide export possibilities for U.S. cattle. According to HedgersEdge.com, average packer margins were lowered \$21.20 to a negative \$25.50/head based on the average buy of \$82.85/cwt vs. the average breakeven of \$80.91/cwt. Continue to sell cattle when ready as packers are discounting for heavy weights.

FEEDER CATTLE at the CME were off on Monday. The OCT'09FC contract closed at \$93.350/cwt; down \$0.200/cwt and \$3.100/cwt lower than a week ago. NOV'09FC futures closed at \$93.300/cwt; off \$0.275/cwt and \$3.25/cwt lower than last Monday. According to associated press reports the recession has now been labeled a near-depression by some economists. Feeders ended weak after sinking to 10-month lows on technical selling and spreading out of November and January into October. The rally in corn also pressured prices. Oversold conditions did lend some support. Cash cattle were steady in Oklahoma but weaker in other cash markets amid reduced demand for replacements. The CME feeder cattle index for October 1 was placed at \$95.36/cwt; off \$0.13/cwt and \$1.51/cwt lower than last report.