

Off the Hoof

Kentucky Beef Newsletter – February 2007

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Timely Tips

Dr. Roy Burris, UK Beef Specialist

Good news to grain farmers can be less welcome to cattle producers. Increased use of corn for ethanol production (and the anticipation of more ethanol plants) has driven corn prices upward. This has caused a couple of changes for cow-calf producers – (1) lower feeder calf prices and (2) increased winter feeding costs.

Since feedlots typically feed diets high in corn, an increase in the price of corn can narrow their profit margin so that they adjust downward the price that they are willing to pay for feeder calves. A rule of thumb is, if other things remain constant, every 10¢/bu increase in corn will cause a decrease of about 1 \$/cwt in feeder calf prices.

Feeding costs are driven upwards which creates another problem. Producers who were successful in “locking-in” their supplemental needs this summer may be feeling pretty good now but most of us are scrambling to find some alternatives to corn. The problem is that all the by-product feeds – like soyhulls, corn gluten feed and distillers dried grains – have increased in price similarly to corn.

Corn and soyhulls are considered energy supplements as they are somewhat low in protein. Corn gluten feed (CGF) and distillers dried grains (DDG) are higher in protein and generally considered protein supplements. Things work well when a protein supplement is blended with an energy supplement to achieve the desired nutrient levels.

However; now that soyhulls and corn are very expensive, some producers are opting to feed CGF or DDG alone if they are priced less than the energy supplement. Makes sense doesn't it? Well no, not really. More than just overfeeding protein – which will be used as an energy source with the nitrogen excreted – this can lead to some serious problems. When CGF or DDG are fed alone, some nutrients – like sulfur - can be too high, especially if the forage, water or mineral feed is high in sulfur. Sulfur can “tie up” other minerals, especially copper and cause a copper deficiency. It can also interfere with thiamine (a B vitamin) and cause polioencephalomalacia (“brainers”). So don't feed either of these straight. Feed a least-cost balanced ration with no more than half of the concentrates from corn gluten feed or distiller's grains.

How do we decrease the wintering cost of the cow herd with supplement costs so high? First, reduce the need for supplemental feed. I can't pass up the opportunity to remind you (although it is too late this year) of the importance of extending the grazing season since both grain and hay costs are high. It is also

important to have cows that are moderate in size and milking ability which don't require a lot of special attention or additional feed. However, all that doesn't help you right now.

So, start with a forage test on your hay supply to determine what supplementation is needed. Energy is usually most likely to be limiting to the cow herd, especially after calving, so be sure to meet their energy needs first and then supply the protein and minerals. I don't think that there are any cheap solutions this year. The UK Extension Service is probably balancing more rations for producers now than we ever have in the past. We can help you.

I am afraid that high feed costs may cause some producers to "rough" cattle through the winter and hope for early grass. This is a bad answer. We must maintain body condition of the cows to have strong calves at birth and successful rebreeding. Also, don't cause any problems, like a copper deficiency, which might also lower pregnancy rates. Your resolution for next year can be to extend the grazing season and forward contract your supplemental feed during the summer.

Spring-calving Herd

- ! Have calving equipment, supplies and labor ready for the spring calving season. Some supplies which may be needed are: ear tags and applicator (put numbers on ear tags now), tattoo pliers and ink, record book, scales for calf weights, iodine for calves' navels and colostrum supplement. Calving equipment (puller and chains, etc.) and facilities should be ready and clean.
- ! Overall condition of the cow herd should be evaluated. Cows losing weight now are most likely to have weak or dead calves. These cows will likely be a poor source of colostrum milk for the newborn calf. Feed cows, if necessary to keep them in good body condition.
- ! Heifers should begin head-start calving in early February. Move them to a clean, accessible pasture, away from cow herd and near facilities so that calving assistance can be given. Cows may start calving later this month. Signs of calving are relaxation of pelvic ligaments, enlargement and swelling of the vulva, and enlargement of the udder. Expect calving difficulty if (1) calf's head and two feet are not visible, (2) only the calf's tail is visible, and (3) the cow has been in labor for 1½ hours. Be sure calf is being presented normally before using calf puller. Recognize situations that are beyond your capability and seek professional help as early as possible. Calves that aren't breathing should receive assistance. Try sticking a straw in nostril to stimulate a reflex or try alternate pressure and release on rib cage. Commercial respirators are also available. Calves should consume colostrum within 30 minutes of birth to achieve good immunity.
- ! Record birthdate, cow I.D., and birthweight immediately (use your Beef IRM calendar). Identify calf with ear tag and/or tattoo. Registered calves should be weighed in the first 24 hours. Male calves in commercial herds should be castrated and implanted as soon as possible.
- ! Separate cows that calve away from dry cows and increase their feed. Avoid muddy feeding areas so that cows' udders won't become contaminated and spread scours. Don't confine cows to muddy lots.
- ! Increase feed after calving to 25-27 pounds of high quality hay. Concentrate (3-4 lb. for mature cows and about 8 lb. for first-calf heifers) may be needed if you are feeding lower quality hay. Supplementation may have a beneficial effect on date and rate of conception. The most important time to feed a beef cow is after calving. Thin cows don't come into heat very soon after calving. We must have cows in good condition, if we plan to breed them early in the season for best pregnancy rates,

especially on high-endophyte fescue pastures.

- ! Sub-zero weather can mean death for newborn calves. During extremely cold spells, bring the cow(s) into a sheltered area as calving approaches to protect the calf. Be prepared to warm-up and feed newborn, chilled calves. Calving in mud can also cause problems.
- ! Watch for scours in newborn calves. Consult your veterinarian for diagnosis, cause, and treatment. Obtain fecal samples and submit to diagnostic lab, if scouring begins.
- ! Replacement heifers should be gaining adequately (about 1.5 pounds per day) to reach target breeding weights by May 1. Be sure that their feeding program is adequate for early breeding.

Fall-calving Herd

- ! **Important!** Consider creep feed or creep grazing (wheat, etc.) to supply extra nutrition to fall-born calves which may have to depend solely on their dam=s milk supply for growth. They are not getting much except their dam=s milk now (i.e. there is nothing to graze). February/March is the worst time of the year for fall-born calves.
- ! Breeding season should end this month. Remove bulls and confine them so that they regain condition.
- ! Provide windbreaks or clean shelter for calves.

General

- ! You should be feeding a mineral supplement with adequate magnesium to prevent grass tetany (~ 15% Mg) now. The Hi-mag UK Beef IRM mineral can be used now.
- ! Provide shelter or increase feed as temperature drops. When temperature falls below 15 degrees, cattle need access to windbreaks. For each 10 degree drop below 15 degrees, add three pounds of hay, two pounds of corn, or six pounds of silage to their rations.
- ! Provide water at all times. Watch for frozen pond hazards.
- ! Control lice. Watch for signs such as rubbing.
- ! Continue looking for herd sire replacements, if needed.
- ! Begin pasture renovation. You can overseed clover on frozen or snow-covered pastures.

Breed Selection and Crossbreeding

Dr. Darrh Bullock, UK Beef Specialist

As we approach the bull buying season it is once again time to think about our overall breeding program. It is important to assess what traits are going to have the greatest economic impact in your management system and target a bull to give the production level that you need. If you are in the commercial cattle business and you have been using the same breed of bull for several years then you should probably consider adopting a crossbreeding program.

One of the easiest and best ways to improve whole herd productivity is by having a good crossbreeding system. There are many systems that are available to commercial producers and additional information can be found in fact sheet ASC-168. Depending on how many cows you own and how many breeding pastures that you have will influence which system is best. The important thing is to decide on a system that you are comfortable with and stick with it. In the simplest of these systems income can be increased by approximately 12% and in some of the more complex systems over 20% compared to straight breeding. If you decide to practice crossbreeding in a more random fashion you should practice this rule of thumb: Do not keep replacements that have greater than 75% of any one breed. Once you have settled on a system it is time to select the breeds that best fit your operation.

It is important to realize that breeds are different in their production levels and breed type should be considered carefully. The following descriptions will assist in determining the breed types that are best for your operation:

British/Smaller Continental – Angus, Hereford, Shorthorn, Red Poll, Tarentaise, Salers, and others. This breed type is generally moderate in birth weight, growth, mature size and milking ability; they have good quality grades at acceptable market weights and reach puberty at acceptable ages.

Continental Milk – Braunvieh, Gelbvieh, Simmental and others. This breed type is generally characterized as having heavier birth weights, high growth, large mature size and exceptional milking ability. They produce carcasses that are lean at acceptable harvest weights and they reach puberty at acceptable ages.

Continental Lean – Charolais, Chianina, Limousin, and others. This breed type in general has heavier birth weights, high growth, and large mature size, with low milking ability. These breeds have very lean carcasses and females tend to reach puberty at later ages.

Brahman – Beef Master, Brangus, Santa Gertrudis, Simbrah, and others. This breed type is typically moderate to high in birth weight, growth, mature size and milking ability. These breeds are acceptable in leanness and females tend to reach puberty at later ages.

Depending on your management and marketing systems and personal preferences you should choose a breed that has the right characteristics for the traits you are interested in. This does not mean that you can not find a bull to fit your needs in other breeds, but it may be more difficult.

Implementing a crossbreeding system can be a very simple, yet profitable, management practice. Decide on a crossbreeding system then carefully choose the breeds that best fit your production goals. Of course, buying a good bull within your breed of choice is necessary as well. If you would like more information on crossbreeding or sire selection there are several fact sheets, the Kentucky Beef Book and the NBCEC Sire Selection Manual available through your county Extension office.

Feedlot Inventories Continue to Shrink.

Dr. Derrell S. Peel OSU Extension Livestock Marketing Specialist

USDA's January Cattle on Feed report confirmed that feedlot placements in December continued at the slow pace of recent months. Despite a marketing level that was down 5 percent from one year ago, the 9

percent reduction in placements resulted in a January 1 feedlot inventory of 11.974 million head, 101 percent of the 2006 level.

Feedlot numbers continue to drop as a result of limited feeder supplies aggravated by sharply higher feed prices at the end of 2006. I believe tight feeder supplies are the main factor and will continue to be in the first half of 2007. After all, high corn prices don't cause feedlots to stop demanding feeder cattle as much as they change the kind of cattle that feedlots want to place...and the price they are willing to pay for them!

Looking ahead to next month there is no doubt that placements will continue to be small on a year to year basis. January placements will be further aggravated by the severe weather and horrible feedlot conditions that now exist. Feedlots are not interested in placing cattle in the midst of all the ice and mud. Although January marketings will also be down for the same reasons, the February 1 on-feed total should drop below year earlier levels.

Today's USDA reports may also provide some tantalizing clues into next week's annual Cattle report. The Slaughter report issued today showed a slight increase in heifer slaughter along with an 18 percent increase in beef cow slaughter in 2006 compared to 2005. The Cattle on Feed report showed that the January 1 inventory of heifers on feed was up 3.8 percent compared to last year. These numbers all suggest limited cyclical expansion. If my expectations are at all close, the report next week will show a very limited increase in the beef cow herd, the calf crop and estimated feeder cattle supplies for January 1.

Weekly Roberts Agricultural Commodity Market Report

Mike Roberts, Commodity Marketing Agent, Virginia Tech

LIVE CATTLE in Chicago (CME) closed mostly off on Monday. The only contract closing up was the FEB'07LC, closing at \$90.600/cwt, up \$0.375/cwt and up \$0.350/cwt from last Monday's close. Last Friday's USDA Cattle on Feed report pushed deferreds lower a range of \$0.10/cwt - \$0.375/cwt with the APR'07LC closing off \$0.175/cwt at \$93.400/cwt. However, this is still higher than last week at this time by \$1.025/cwt. The report showed larger than expected December placements and record on-feed supplies for January 1. Fund buying drove the FEB'07LC contract up on lower corn futures and worries about more cold weather in the forecast this week. The weather is expected to slow feedlot cattle performance again. Traders rolled short positions from the February to the April, also showing support for the lead month. Some June/April spreading was noted early on Monday. Cash cattle traded \$0.50/cwt to \$1.00/cwt lower on Monday in the 5-area average. USDA put the choice boxed beef cutout at \$144.55/cwt, off \$1.71/cwt and the lowest it's been since December 29. According the HedgersEdge.com, the average beef plant margin for Monday was estimated at \$2.95/head, off \$8.65/head from Friday and down \$13.05/head from last week at this time. Cash sellers are still encouraged to push marketings if they can get them out of the pens at the right weights. It is still wise to consider protecting a portion of 3rd quarter '07 marketings at this time. Corn users should look for more pricing opportunities in near-term corn inputs now.

FEEDER CATTLE at the CME closed higher across the board on Monday. The MAR'07FC contract finished at \$95.400/cwt, up \$1.300/cwt and up \$3.025/cwt from last week at this time. It looks like ground that was given up two weeks ago was taken back today. The APR'07FC contract finished up \$1.075/cwt at \$97.525/cwt. Gains in feeders were fueled by lower corn futures and reports of buying interest in big feedlots. New fund buying was triggered on the rally in feeders amid other technical support signs. Also, changes in the way that the feeder cattle index is now calculated include higher priced calves lifting the index. The CME Feeder Cattle Index for Jan. 25 was \$94.11/cwt; down \$0.38/cwt. Cash sellers are still

encouraged to put a few more pounds on those feeder calves in order to take advantage of these prices. Hedgers may be wise to consider protecting a portion of 1st quarter '07 and 2nd quarter '07 marketings. Corn users should look for more pricing opportunities in near-term corn inputs now.