

# OFF THE HOOF

*Kentucky Beef Newsletter – June 2008*

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

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### **Timely Tips**

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

#### Spring-Calving Cow Herd

- The breeding season continues. Observe the cows and bulls! Watch bulls for injury or lameness and change bulls if a high percentage of cows are returning to heat. Record cow breeding dates to determine next year's calving dates and keep records of cows and bulls in each breeding group. Use your IRM Beef Calendar to record breeding dates.
- This is a critical time for getting cows bred. They should be on good pasture with clover and preferably low endophyte levels for the spring breeding season. Keep pastures vegetative by clipping or making hay. Cows should have abundant shade and water; heat stress can ruin the breeding season.
- Keep a good pasture mineral mix, which contains adequate levels of phosphorus, vitamin A, selenium and copper, available at all times. Consider a special area for creep grazing calves, or practice "forward grazing", allowing calves to graze fresh pasture ahead of the cows. This can be accomplished by raising an electric wire or building a creep gate.

#### Fall-Calving Herd

- Wean calves as soon as pasture quality deteriorates, if not already done.
- Pregnancy test cows if not done previously.
- Cull cows at weaning time
  - Smooth-mouthed cows
  - Cows weaning light weight and/or poor-quality calves
  - Open cows

- Select replacement heifers on the basis of:
  - conformation
  - weaning weight
  - temperament
  - dam and sire records
  - select more than needed to allow for culling after a short breeding season
  - select heifers that will reach their target weight by the beginning of their breeding season

### General

- Finish harvesting excess pasture as hay soon! It should be cut before it becomes too mature. Be sure and replenish your reserves. Try to put up more than you think you will need.
- Pasture should supply adequate energy, protein and vitamins at this time. However, be prepared for drought situations. Don't overgraze pastures so that recovery time will be faster. Overgrazed pastures will recover very slowly during July/August.
- Keep pastures small for rotational grazing so that nutritive quality can be maintained. They should be small enough so cattle do not graze longer than a week. As the season progresses, you need several paddocks to give each properly stocked pasture about 4 weeks' rest.
- Clip grazed-over pastures for weed control and so that seed heads do not irritate eyes. Pastures should be kept in a vegetative state for best quality.
- Control flies. Consider changing insecticides and/or methods of control this year, because insecticide resistant flies may have developed if you have used the same chemical year after year.
- Prevent/Control pinkeye
  - consider vaccinating,
  - control flies,
  - clip tall, mature grass,
  - treat problems quickly, inject antibiotics and steroids in infected animal's eyelid or intramuscularly according to product used. Glue patch over eye.
- Maintain a clean water supply and check it routinely. Water is extremely important in hot weather.

### **“One Man’s Pie is Another Man’s Poison”**

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

The argument over just how much the price of grain is affecting world food prices has reached a new level. Some contend that it is really the high price of fuel that is driving food costs upward. One report said that it couldn't be the price of grain because “there is only about six cents worth of corn in an 18-ounce box of corn flakes”. We already knew that only a small percentage of the cost of food actually gets back to the farmer. However, some type of agricultural producers do have it better than others.

I was just reading a farm magazine in which a cotton producer was lamenting the rising costs of inputs like fuel, fertilizer and seed. He had to decide whether to grow cotton, soybeans or corn – all of which are at record prices. Corn prices have increased from \$2.50 to around \$6.00 a bushel with December futures now at \$6.37. I would never begrudge this farmer making a good living but I will say that his economic situation is better than most livestock operations.

The fact is any operation that depends on feed grain is struggling unless they can pass on the costs to the consumer. According to the National Pork Producers Council (NPPC), U.S. pork producers lost more than

\$2.1 billion in just seven months. They are now losing about \$50 on each hog marketed due to the doubling of feed costs.

Cattle operations that depend on feed grain are also feeling the pinch. Cattle producers, especially those in the southeastern United States, must lessen their dependence on feed grains. Fortunately, ruminants (like cattle) have the ability to consume large amounts of forage and to convert that feed to meat and milk. In fact, that is what they are naturally adapted for and that is what they do best. We must “put the rumen back in ruminants” to be sustainable in this part of the country. Our ability to produce forages, and the cow’s ability to convert them to meat, has always been our “ace-in-the-hole”.

The drought and ensuing feed shortage of last year should have taught us a couple of valuable lessons. One is that purchased feeds can be very expensive and the other is that improved pasture management systems can really pay off.

What can we do now? First, practice rotational grazing for more efficient forage utilization. Then, look at ways to extend the grazing season. Try to have something to graze during July and August. Fescue is pretty much dormant during that period of time. Summer grasses can be of benefit for both grazing or making hay. They will add some flexibility to your feeding program. You can also work on the end of the grazing season. Consider stockpiled/accumulated fescue pasture for December and January or beyond. Our goal should be to graze at least 10 months of the year. You won’t likely have much pasture in February and March so you should have an adequate supply of hay available.

Backgrounding operations can work on a combination of forages and by-product feeds to lessen their dependence on feed grain. We need to get ourselves in a position where we don’t have to compete with ethanol production and the world’s food supply to obtain cattle feed. Forages and by-products can allow us to do that.

## **The UK Beef Bash 2008: A Different Kind of Field Day**

*Lori Porter, Extension Associate, University of Kentucky*

Mark your calendars now for a different kind of field day! The first ever Beef Bash will be held at the Research & Education Center in Princeton on September 23, 2008. More information about exhibits and other educational opportunities coming soon! This is an excellent opportunity to visit with UK research, extension and administrative personnel as well as the leadership of the Kentucky Cattlemen’s Association. Visit <http://ces.ca.uky.edu/beefirm/bash/> for updated information. Sponsored by the University of Kentucky College of Agriculture and the Kentucky Cattlemen’s Association.

## **Use Pregnancy Diagnosis to Cull Replacement Heifers Early**

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

Many ranchers choose to breed the replacement heifers about a month ahead of the mature cows in the herd. In addition, they like to use a shortened 45 to 60-day breeding season for the replacement heifers. The next logical step is to determine which of these heifers failed to conceive in their first breeding season. This is more important today than ever before.

As the bulls are being removed from the replacement heifers, this would be an ideal time to call and make arrangements with your local veterinarian to have those heifers evaluated for pregnancy in about 60 days.

In two months, experienced technicians should have no difficulty identifying which heifers are pregnant and which heifers are not pregnant (open). Those heifers that are determined to be "open" after this breeding season should be strong candidates for culling. Culling these heifers immediately after pregnancy checking serves three very economically valuable purposes.

1) Identifying and culling open heifers early will **remove sub-fertile females from the herd**. Lifetime cow studies from Montana indicated that properly developed heifers that were exposed to fertile bulls, but DID NOT become pregnant were often sub-fertile compared to the heifers that did conceive. In fact, when the heifers that failed to breed in the first breeding season were followed throughout their lifetimes, they averaged a 55% yearly calf crop. Despite the fact that reproduction is not a highly heritable trait, it also makes sense to remove this genetic material from the herd so as to not proliferate females that are difficult to get bred.

2) Culling open heifers early **will reduce summer forage and winter costs**. If the rancher waits until next spring to find out which heifers do not calve, the pasture use and winter feed expense will still be lost and there will be no calf to help eventually help pay the bills. This is money that can better be spent in properly feeding cows that are pregnant and will be producing a salable product the following fall.

3) Identifying the open heifers shortly after (60 days) the breeding season is over will **allow for marketing the heifers while still young** enough to go to a feedlot and be fed for the choice beef market. The grading change of several years ago has a great impact on the merchandising of culled replacement heifers. "B" maturity carcasses (those estimated to be 30 months of age or older) are very unlikely to be graded Choice and cannot be graded Select. As a result, the heifers that are close to two years of age will suffer a price discount. Currently non-pregnant, yearling 875 pound heifers (shortly after a breeding season) are selling for about \$94 per cwt. Therefore an 875 pound, culled replacement heifer is worth about \$822. Non-pregnant two-year old cows are selling for about \$65 to \$70 per cwt. Open two-year old cows (those that could have been identified shortly after the breeding season) that weigh 1000 pounds would only sell for about \$700 next spring.

The average expense for owning the cow is about \$1 per day. So the total loss of keeping the open heifer would be about \$200 in feed and forage and another \$122 in lost value. **The grand total expense for not culling open replacement heifers in today's market is about \$322 per head**. Therefore, it is imperative to send heifers to the feedlot while they are young enough to be fed for 4 to 5 months and not be near the "B" maturity age group.

Certainly the percentage of open heifers will vary from ranch to ranch. Do not be concerned, if after a good heifer development program and adequate breeding season, that you find that 10% of the heifers still are not bred. These are the very heifers that you want to identify early and remove from the herd. It just makes good economic business sense to identify and cull non-pregnant replacement heifers as soon as possible.

## **June Marketing Report**

*Kenny Burdine, Livestock Marketing Specialist, University of Kentucky*

May was a friendly month in the feeder cattle markets. Several fundamental factors helped prices to improve from April levels. Corn prices seemed to moderate and live cattle futures for the fall and winter showed some real strength. Favorable grazing conditions also were likely a factor in summer placements of light calves.

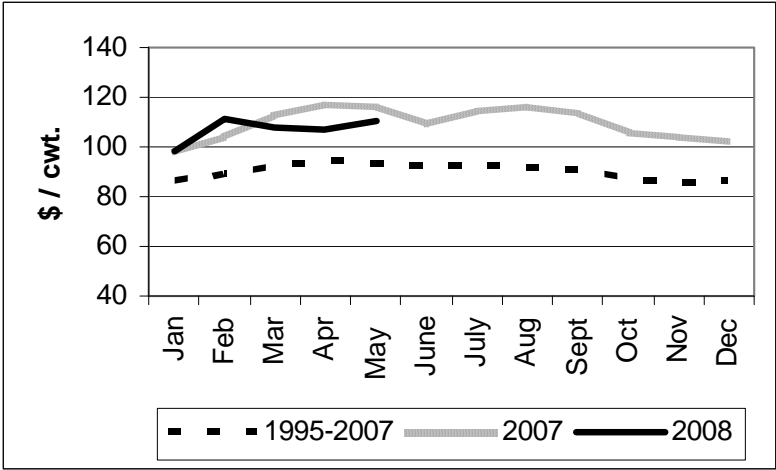
By the end of May, 95% of the 2008 corn crop was planted. This was definitely supportive to feeder cattle prices as wet conditions have plagued this spring. The 2008 crop is clearly still behind as only 74% of the corn had emerged by month's end compared to 92% last year. But, this progress has many analysts projecting that we have seen the planting price peak for the 2008 crop.

At the same time, it appears that supplies of feeder cattle in feedlots will be light this summer and support fed cattle prices quite a bit by winter. Live cattle contracts for the coming winter have remained above \$105 per cwt. Even with feedlot cost of gain near \$1 per pound, feedlots are able to place 7wts. at pretty strong prices. This in turn tends to support calf prices as well.

As we move into summer, supply fundamentals should remain supportive. Cattle will be looking for signs of demand weakness from consumers, especially if the economy remains sluggish. Chicken, beef, and pork are the three main meats in American diets and beef tends to be the most expensive of the three, making it somewhat vulnerable. Memorial Day is usually an excellent weekend for retail beef featuring as people fire up the grills to kick-off summer. The Fourth of July is also a fairly big beef holiday, but has historically been more favorable to ground beef, than to higher end steaks.

At the same time, feedlots will continue to monitor the progress of the 2008 corn crop. With corn carryover stocks at such low levels and corn acreage down as much as it is this year, there is not a lot of room for crop problems. Hints of lower than expected yields or other potential supply problems will move the markets quickly this summer. And, we've learned that as grain markets move, feeder cattle markets respond.

Kentucky Auction Prices  
500 to 600 lb Med / Large Frame Steers



**Roberts Agricultural Commodity Market Report**  
*Mike Roberts, Commodity Marketing Agent, Virginia Tech University*

LIVE CATTLE futures on the Chicago Mercantile Exchange (CME) were down on Monday amid chart based profit taking and further import restrictions from South Korea. The JUNE'08LC contract closed at \$95.400/cwt, down \$1.125/cwt but \$2.300/cwt higher than Monday before last. AUG'08LC futures were off \$1.025/cwt at \$100.825/cwt but \$2.925/cwt higher than week before last. News that South Korea again will delay imports and heavy selling by funds and large commercials was not supportive. As tens of

thousands protestors rallied in the streets South Korea announced it would delay publishing import rules that would make it easier for U.S. beef to come into that country. USDA put the 5-area price for cash cattle at \$95.18/cwt vs. \$94.06/cwt two weeks ago. USDA early on Monday put the choice beef cutout at \$155.77/cwt, up \$0.38/cwt. Packer demand was light as HedgersEdge.com reported the average estimated packer margin for processed cattle at \$23.90/head based on the average buy of \$94.29/cwt vs. a breakeven of \$96.23/cwt. Cash sellers should consider pushing cattle off the feed lot as soon as they are ready. It is not a good idea to price more corn inputs at this time.

FEEDER CATTLE at the CME were off on Monday amid profit taking, higher corn prices, and lower live cattle. AUG'08FC futures were down \$2.325/cwt at \$113.7/cwt but \$1.950/cwt higher than last two weeks ago today. The SEPT'08 contract finished the day at \$114.725/cwt, off \$2.075/cwt. Chart signs showed that feeders are technically near overbought with the August 10-day Relative Strength Index (RSI) at 67.56. A contract is said to be overbought at an RSI at 70 or above and oversold at or below an RSI of 35. Cash feeders were trending up through last Friday near \$110.32/cwt. The CME Feeder Cattle Index for May 29 was placed at \$109.55/cwt, up \$0.45/cwt. If you have good pasture and can afford to hold feeders to somewhat heavier weights it is a good idea to do that. It is not a good idea to price more corn needs at this time.

CORN on the Chicago Board of Trade (CBOT) registered gains on Monday amid surging crude oil. Gains were limited as the market traded cautiously ahead of possible policy changes on trading limits for large funds. The JULY'08 contract finished at \$6.156/bu, up 16.4¢/bu and 27.0¢/bu higher than two weeks ago at this time. The DEC'08 contract closed up 16.6¢/bu at \$6.432/bu and 30.2¢/bu higher than Monday before last. Corn prices gained ground on concerns that yields won't make expectations based on more rain in the cornbelt. The market traded ideas that this will push more soybeans to get planted on acres originally planned for corn. USDA on Monday reported the U.S. corn crop 60%-65% in good to excellent condition vs. 78% this time last year. Continued cooler temperatures along with estimates for about one fourth of the U.S. corn crop going for ethanol are seen as bullish demand signals. In export news, USDA reported that 120,000 tonnes (4.7 mi bu) of U.S. corn was sold to Egypt for delivery soon. USDA also put corn-inspected-for-export at 37.376 mi bu vs. expectations for between 32-37 mi bu. U.S. Midwest cash corn was noted as steady to firm early on Monday with cash bids for corn in the U.S. Mid-Atlantic States ranging 23.0¢/bu - 49.0¢/bu lower. Although funds reduced net bull positions by 3,500 lots to 181,864 contracts for the week ended May 27, they were noted as buying over 7,000 contracts on Monday. Hopefully 60% of the '08 crop has been priced. Watch for weather rallies if you want to price more than that, however, make sure you can deliver.