

May 6, 2013

COWCHIP

DATES TO REMEMBER:

May

10-30	Pick up baling twine from Premier Ag in Kaplan
31	Deadline to book Ryegrass and Clover seed
31	Scale investments due

WHAT DOES HAY TAKE?:

We get lots of questions about weeds in hay meadows. Many times the environment, lots of moisture or drought, has encouraged the infestation. More often it's a fertility issue which favors the weed. With hay season upon us, if it ever warms up, it would be a good idea to test your soil and develop a plan for the season. I know most of you have fertilized for the first cutting by now or will shortly but it's not too late to make corrections during the season. Although, our two most prevalent hay grasses – bermuda and bahia, are not highly sensitive to pH. When pH's reach 5.2 or less, it's time to add some lime. A soil test will show what corrections are needed for Phosphorus and Potassium as well.

A common misunderstanding is the recommendation for Potassium in a hay meadow. The recommendation is based on the removal of Potassium from the soil by a typical cutting of hay. For every ton of bermudagrass hay you remove from a field you take 46 pounds of Nitrogen, 12 pounds of Phosphorus and 50 pounds of Potassium. Based on nutrient removal, fertilizer recommendations for Nitrogen and Potassium will be extremely high for hay production. Not too long ago the standard practice was to fertilize the hay meadow with a balanced fertilizer such as 19-19-19 at 200 or 300 pounds per acre and then top dress with Nitrogen only between cuttings. The recommendations for Nitrogen and Potassium on a soil test assume that we will top dress with both Nitrogen and Potassium. For instance, we would still start the season with a balanced fertilizer such as 200-300 pounds per acre 19-19-19 and then top dress with 200-300 pounds per acre of 26-0-26 between each cutting.

This way we can fit fertilizer application to the number of cuttings and the tonnage produced. If we typically harvest four bales of hay per acre per cutting that would equal two tons, approximately, using the removal figures presented that would be 90 pounds of Nitrogen, 24 pounds of Phosphorus and 100 pounds of Potassium removed. Ideally that's how much we should put back if we're planning to make another cutting and maintain the fertility of the meadow.

It is probably a good idea to put a value on what is removed both to price a ton of hay properly and to put a value on what is put back in the land where you feed hay. If urea is selling for \$450/ton 46 pounds is valued at \$22.50. If diammonium phosphate (DAP) costs \$524/ton the Phosphorus in a ton of

hay is valued at \$7.00. And if Muriate of Potash costs \$650/ton then the value of the Potassium in a ton of hay is \$27.00. So, for each ton of hay you have about \$56.00 of N, P and K.

Bale prices should reflect this value and likewise the value of feeding hay on your land is reflected in those figures as well. This is another reason to move your hay feeding area often in winter, in addition to the health of calves and preventing damage to the land, moving the hay rings across the pasture should result in a more even nutrient spread.

Whereas, grazing cattle tend to return most of the nutrients they consume to the pasture, harvesting hay removes considerable nutrients from the soil. This removal results in yield reduction, increased weed pressure and loss of stand, unless we put back what we take.

LEGAL FOR TRADE SCALES:

Due to the trend of our ranchers selling cattle direct off the farm the Vermilion Parish Cattlemen's Board of Directors would like to purchase a set of certifiable, portable scales. The scales we are looking at would be able to weigh four or five calves at a time. Prices range from \$12,000 - \$15,000. Although we have been building our treasury for this purchase it may be a few more years before we can manage to make the purchase with strictly Association funds. The board suggested that we offer our members the opportunity to invest in the purchase. In return, the investors would be granted free rental until twice the investment value is reached. The minimum investment would be \$500.00. So, for an investment of \$500.00 and a rental charge of \$100.00 per day, an investor would get their first 10 days of use free. If you are interested in investing in the scale, please fill out the attached form and make checks payable to VPCA and return by May 31st. As usual checks will not be cashed until the scale is purchased and if not enough money is raised the check will be returned to you. The association will invest \$7,000.00 so an additional \$5,000.00 - \$8,000.00 are needed. With a cooperative spirit we can get his done.

BLOOD DRIVE:

The Vermilion Parish Cattlemen's Association will again sponsor a Blood Drive as part of our Beef Month Celebration. We hope to promote beefs importance to healthy blood and serve the community's need for steady blood supply. It will be held Saturday, May 25th at the Winn Dixie in Abbeville from 9:00 a.m. to 1:00 p.m. Please make every effort to attend. We need your donation of blood and/or help with the event. Let's get some straw hats out there, let the public know about us and that we care about them.

FOOD SCARCITY: THE COST OF FAILURE:

From Drivers on-line

Food scarcity: it is not something we often think about. We are, after all, the wealthiest nation in the history of mankind.

Not free of want — but certainly a land of plenty ... flowing in milk and honey.

Could this change for us? Could we actually know food scarcity as a nation? These are fundamental questions for any government that admittedly seems far removed from our daily lives. But the reality of it may be closer than you think.

We were reminded of this in an April 11 *Wall Street Journal* article entitled, "Key Issue to Venezuelan Vote: Food." It documents the public outcry over bare supermarket shelves, but also highlights the prospect that it could get much worse.

"Why is this oil rich nation of nearly 29 million having trouble feeding itself?" the article begins. While the existing government was busy blaming the well-to-do as hoarders, the real culprit is clearly identified as years of government policies that have shackled the individual farmers and the agricultural enterprise generally with vastly reduced yields being the result.

"The reason is that Venezuela's once plentiful agriculture has been crippled by years of price controls, a lack of fertilizers, pesticides and equipment, and the threat of farmland seizures by the government, say farmers and economists," according to the article. The result: from 2004 to 2012, corn production fell by 25 percent, rice by 34 percent and cattle by 27 percent.

And the perhaps bigger issues with agriculture — you cannot solve problems, or make up for years of neglect, overnight. Once a country has lost the infrastructure and knowhow it is difficult to get it back.

Thus the point, "it is a high-risk situation" that "could haunt Venezuela for years to come." The current situation is not a crisis, but it could quickly become one. "The country relies on its oil dollars to buy 70 percent of its food from abroad, generating worry among economists and agriculture experts that if oil prices fall, the country will face a severe food shortage."

This potentially tragic situation is regrettable, but it is also avoidable.

In the U.S., we have policies built around private property rights that encourage our farmers to invest in the land that they will pass down. We also encourage the use of technology and inputs that have allowed our farmers to be the most productive in the world.

Food security does not happen by accident. It is a blessing that is fostered by smart policy.

Over the next 40 years, as the world population grows from 7 billion to 9 billion and demand for agricultural commodities doubles, we need such policies that encourage investment and constant improvement. If done right, more nations and peoples will continue to know the happiness of a safe and reliable and affordable food supply.

The cost of failure would be grim.

MARKET UPDATE:

From Livestock Monitor

Lower feeder cattle and feedstuff costs are bringing feedlot breakeven sales prices back into line with market prospects. The Livestock Marketing Information Center (LMIC) began estimating monthly Southern Plains commercial cattle feeding returns and breakeven sales prices in the early 1970's. Those estimates incorporate all economic costs of production, including: yardage, interest on the feeder animal, death loss, and cost of feed. Importantly, they assume: 1) only average cattle and animal performance; 2) typical management programs; and no forward pricing or risk management program. LMIC calculations put cattle feeding returns through April of this year in the red for 24 consecutive months (back to May 2011).

When 750-pound steers were placed into feedlots, breakeven sales prices over the last 24 months averaged about \$132.00 per cwt. Monthly, the lowest breakeven was in May 2011 at about \$115.00 per cwt. and the peak was last month (March 2013) at \$144.00. Of course, large losses were posted by cattle feeders because sale prices over the last two years averaged only about \$120.50 per cwt.

Two years of cattle feeding losses have now adjusted the price relationship between a feeder steer (e.g. 750-pound) and a fed animal. On an annual average basis, the price premium of a 750-pound steer in the

Southern Plains over a fed steer was over \$26.00 per cwt. in 2012 up from a prior 5-year average (2007 through 2011) by about \$10.00. That relationship is highly seasonal, but year-on-year the market premium (comparing prices in the same month) for feeder cattle over fed's has dropped dramatically in the last two months. In mid-April feeder steers were less than \$10.00 per cwt. above the fed market, compared to about \$32.00 last year and an average of \$14.00.

Looking ahead, estimated breakeven sale prices for the next several months are on the decline. A 750-pound steer placed in March, which would be sold this summer, has a breakeven of about \$132.00 per cwt. That was the lowest since January 2012. Yearlings placed in April had a breakeven in the high \$120's. Those breakeven levels are getting more-and-more realistic given the fed cattle price outlook.

If a normal 2013 U.S. corn crop is produced as expected feedstuff costs will continue to decline, which will allow cattle feeding breakeven levels also to drop. Lower breakeven levels will in turn stabilize feeder cattle prices. If fed cattle prices pick up as summer progresses, feeder cattle prices may have room to increase from current levels.

Producers with heavyweight yearling cattle to sell in 2013 will need to watch crop prospects and the cattle markets closely. Given the financial condition of the U.S. cattle feeding industry, any negative surprise in feedstuff costs will lower heavyweight feeder cattle prices almost instantaneously. Heavyweight yearlings often have a limited number of buyers during a rather short marketing window, some pre-planning and setting price objectives might pay off handsomely. For example, even if you don't currently plan to retain ownership on yearlings, pencil it out and understand what is involved. The economic environment is unfolding differently than a year ago.

RYEGRASS ORDERS:

It is time to take orders for ryegrass seed. This is the 34th year we have booked bulk ryegrass seed. The program continues to allow for price advantages to participants. Last year those who booked seed with us paid 43¢/lb. for Gulf and 55¢/lb. for Prine and \$128.00/25 lbs. for Durana White Clover

In addition, due to high nitrogen fertilizer costs and the benefits of clover, the Cattlemen's board voted to offer Durana White Clover Seed to producers. Durana is more productive than LAS-1 and more persistent than ladino type clovers like Osceola. White Clover comes in 25 lb. bags so you must order in 25 lb. increments. Seeding rates are 3 lbs./acre in a mixture with ryegrass or 5 lbs./acre if planted alone. For a deposit of \$10.00 per 25 lbs. of clover seed you will be guaranteed that amount and for a deposit of \$5 per 100 pounds of ryegrass seed, you will be guaranteed that amount. All seed not booked will be available on a first come, first served basis; however, this will be a very limited amount. If you want seed through the program, then you should put a deposit on the amount you desire.

Please indicate which variety you prefer on the order blank. Be aware that Prine or Nelson Tetraploid is generally 10¢/lb. more than Gulf. Prices are not final at this time. Bids will be solicited from Vermilion Parish dealers only. We will accept bids on Prine and Nelson Tetraploid and accept the lowest bid on either of them. Performance on these two are similar.

If you wish to be guaranteed ryegrass seed and/or clover in this year's program, then fill out the form enclosed and send it to Andrew Granger, 1105 W. Port St., Abbeville, LA 70510 along with a check made payable to the Vermilion Cattlemen's Association and in the amount needed to guarantee your seed. Deposits are due by May 31st. Deposits will be non-refundable after July 15th.

RETURN TO ANDREW GRANGER, 1105 W. PORT ST., ABBEVILLE, LA 70510 BY FRIDAY, MAY 31ST

NAME _____

ADDRESS _____ CITY _____ ZIP _____

PHONE _____ CELL _____

I wish to invest in the purchase of a portable, certifiable scale.

Enclosed is a check for \$ _____ made out to VPCA.

I understand that checks will not be cashed until purchase is made and if for any reason purchase is not made the check will be returned to me.

Signature _____

RETURN TO ANDREW GRANGER, 1105 W. PORT ST., ABBEVILLE, LA 70510 BY FRIDAY, MAY 31ST

NAME _____

ADDRESS _____ CITY _____ ZIP _____

PHONE _____ CELL _____

Amount of Ryegrass Seed _____ x \$5/cwt.

Amount of Clover Seed _____ x \$10/25 lbs. (order only in 25 lb. increments)

Amount of Deposit = _____

Type of ryegrass you prefer:

Prine or Nelson Tetraploid

Gulf

MAKE CHECK PAYABLE TO VPCA

Sincerely,

Andrew Granger
County Agent
Vermilion Parish

It is the policy of the Louisiana Cooperative Extension Service that no person shall be subjected to discrimination on the grounds of race, color, national origin, gender, religion, age, or disability.

