

September 11, 2013

COWCHIP

DATES TO REMEMBER:

September

21 Begin Ryegrass and Clover Seed pickup, G & H Seed

October

3 Acadiana Cattle Producers' Field Day, Dominique's Stockyard, Opelousas, 5:30 p.m. (Flyer Attached)

12 Cattle Show at Cattle Festival, Cecil McCrory Exhibit Building, Abbeville

21 Last Day to pick up seed

27 Cattlemen's Barbecue, Woodman of the World in Abbeville, 11:00 a.m.

WINTER PASTURE:

The use of winter annual grasses and cool season legumes should be considered to help provide high quality nutrition during the winter and spring for cows nursing calves and developing heifers. Even with the high cost of feed it may be more economical to use hay and supplement than growing ryegrass for dry cows.

LSU budgets estimate costs of ryegrass production at \$140.63 per acre for a prepared seedbed and \$114.83 per acre for sod seeding. (The budgets are enclosed and can be altered to fit your program. Adjustments to fuel and fertilizer costs may be needed.) If we get 80 days of actual grazing between December 1st and March 31st and we plant an acre per cow then it would cost \$1.43 per head per day for sod seeded grass and \$1.75 per head per day for prepared seedbed grass. Dry cows would require about 4 pounds of cubes per day to supplement average hay and would eat about 25 pounds of hay per day. If you are paying \$470 per ton of cubes and \$60 per ton or \$30 a bale for hay then per day cost for hay + supplement is \$1.69. Lactating cows would need almost twice the levels of supplement so ryegrass would be the cheaper alternative. Also, first calf heifers and weanling heifers you're keeping would need the extra nutrients supplied by ryegrass.

If you need help in making winter feeding decisions don't hesitate to call.

WINTER SUPPLEMENTATION:

We are lucky to raise cattle in southwest Louisiana with our extended grazing season and more than adequate rainfall. Most of us can graze cattle from March through December most years with proper stocking rates and management. If ryegrass is included in the scheme, grazing days can be increased. But whether you feed hay 90 days, 60 days or less, hay and supplement still make up a significant part of annual cow costs. We should look to manage this input wisely.

First and foremost, management should include testing our hay. Most ranchers fail to do so and simply assume an average hay quality. But with high feed costs, feeding only what is needed makes sense, let's look at this example. Let's assume we are feeding 1,100 pound dry cows that need to gain some weight before calving. To gain a pound a day a dry 1,100 cow would require about 8% crude protein and 59% TDN in her diet. If our hay contains 8% Crude Protein and 56% Total Digestible Nutrients we would know that we're not lacking in protein so we should choose the cheapest source of a highly digestible supplement. Soy hulls or rice bran would be best but southeast mix from Palmetto is readily available and is reasonably priced. Southeast mix is about 75% digestible so she would need about 4 pounds of southeast mix per day to gain a pound a day. If you can get rice bran it is somewhat less energy dense and contains 70% Total Digestible Nutrients. It would require 5.5 pounds of rice bran with this hay to get the desired gain.

Now let's assume your hay tests 6% Crude Protein and 50% TDN. Energy is still lacking but in this case the hay is deficient in protein as well. We should probably look for a high protein, highly digestible feed. Southeast mix is 12% Crude Protein and 75% TDN. The energy is still most limiting and we would need 9 pounds per day to get the desired result. A better choice would be Corn Gluten Pellets because it contains 25% Crude Protein and 83% TDN and would require 6 pounds per day for the desired result. So, feed requirements are significantly higher with the poorer hay. If we assume 4 pounds per head per day with any of our feeds the cows would not gain the weight required. With some feeds the cows would be losing weight on the poorer hay which would impact future calving. We could be over feeding our cows on the higher quality hay and wasting money.

The second thing we should do is choose the right supplement. Although the point is to cut cost more often than not, the cheapest supplement is not the right supplement. We should always price a supplement based upon the cost of the most limiting nutrient of our hay. For instance, if our hay is 5% CP and 48% TDN then the TDN is most limiting. If southeast mix is 75% TDN and Corn Gluten is 80% TDN and Corn Gluten is selling for \$260/ton and Southeast Mix is \$230/ton we can figure which is cheaper per pound of TDN.

For Corn Gluten it is $.80 \text{ TDN} \times 2000 = 1,600$ pounds of TDN/ton then $\$260/\text{ton} \div 1,600 \text{ pounds} = 16\text{¢}/\text{pound of TDN}$

For southeast mix it is $.75 \text{ TDN} \times 2000 = 1,500$ pounds of TDN/ton then $\$230/\text{ton} \div 1,500 \text{ pounds} = 15\text{¢}/\text{pound of TDN}$

Figuring a price per pound of the nutrient you need, the most of will always tell you which supplement is the most cost effective to use. In this case it's slightly in favor of southeast mix but you should consider that you are getting twice as much protein with the Corn Gluten.

We are enjoying the highest prices for cattle that we have ever seen. If we want to keep as much of that money in our pocket as possible we need to make wise decisions on inputs. Testing hay and pricing feeds based upon nutrient content are the best way to minimize cow wintering cost while maintaining pounds weaned.

CAN WE SEND BEEF TO THE MIDDLE EAST?:

From Drovers On-Line

The one thing that seems to be a constant in today's world is the geopolitical nightmare that is the Middle East. There was some hope that the so-called Arab Spring created when democracy came to Iraq would alter the region, but it's turned into a total quagmire instead.

Pick the country – Egypt, Iraq, Afghanistan, Pakistan, Iran, Syria – and it looks like the needle is heading in the wrong direction in all of them. Even the promise of Palestinian/Israeli peace talks got sidetracked before they even began.

We don't export a tremendous amount of beef product to the region, so it would be easy to shrug off all the problems in that part of the world. Surprisingly, despite all the turmoil, oil continues to flow from that region.

The threat of an impact on the oil trade presents a serious economic risk to the world. It is undeniable just how important oil is to the world's economy, and even the impact that the price and availability of oil has on overall beef demand.

In fact, since the advent of ethanol in the U.S., the corn price today is dictated as much by fuel prices as by feed demand. That's made the cattle industry, all agriculture really, pay a lot more attention to what's happening in the most volatile region of the world.

I can't help but wonder if the whole problem with the Middle East is a lack of beef consumption. I haven't taken the time to do the research, but I can't imagine that the citizens of any country that are comfortably eating a couple of tasty steaks each week would commit themselves to killing each other.

So, instead of expending millions on weapons, maybe we should air-drop in a couple of million grills. My experience is that a man with a good steak or hamburger sizzling on his grill isn't likely to stop grilling to war with his neighbor.

FARM BILL UPDATE, FROM NCBA:

August is typically a slow month in Washington, D.C. Members of Congress are on their five-week congressional recess, visiting with constituents in their home states. However, for the National Cattlemen's Beef Association (NCBA), the work does not stop. The association's policy division continues to work on the top priority for cattlemen and women across the country, which is the passage of the 2013 Farm Bill.

While the House and Senate have both passed their own versions of the 2013 Farm Bill, there are differences in each one. The next action to be taken is a meeting of a House and Senate conference committee that will be made up of Agriculture Committee members who will attempt to reach a consensus on a compromise. The Senate has named their conferees, but the House has yet to do so.

“Congress has about ten working days to address the 2013 Farm Bill once they return to Washington on Sept. 9. The extension which was passed earlier this year as part of the fiscal cliff package expires on Sept. 30,” said NCBA's Executive Director of Legislative Affairs Kristina Butts. “NCBA's number one priority continues to be that we want a five year farm bill and we want it done before the end of September.”

Butts went on to urge cattle producers across the country to meet with their elected officials while they are still in their home states by way of town halls and stopping by district offices. She stressed the importance of having priorities such as disaster assistance included in the farm bill.

“The disaster assistance included in this legislation is critical to a lot of producers who have been hit by some form of a natural disaster over the last two years because we haven’t had the safety nets in place,” said Butts. “We need efforts by our members and producers everywhere to get engaged and help push this farm bill across the finish line.”

MARKET UPDATE:

USDA-NASS released the monthly *Cattle on Feed* report on August 23. The number of cattle and calves on feed for slaughter market in the U.S. for feedlots with capacity of 1,000 or more head totaled 10.026 million head on August 1. The inventory was almost 6% below August 1, 2012, and marks the 12th consecutive month with lower monthly cattle on feed inventories than the previous year. Smaller inventories imply lower beef production ahead. In the latest USDA World Agriculture Supply and Demand Estimates (WASDE) report released on August 12, a 4.8% decline in beef production was predicted for the 4th quarter of 2013, which would result in a 1.4% decline for the year. A 5.5% decline in beef production was predicted by USDA for 2014.

Placements of cattle into feedlots during July totaled 1.722 million head, down 10.4% from last year. A number of factors have contributed to lower cattle on feed numbers and the sharply lower placements in July. Some factors include a smaller calf crop, much improved U.S. grazing conditions with the west being an exception, interest in retaining beef heifers for replacement purposes, fewer feeder cattle imports from Mexico, and historically high corn prices which provide an incentive to keep feeder cattle on stocker and backgrounding programs longer.

The lighter weight placements were down more than the heavier weight categories. Under 600 lb. placements were down 22% followed by 600-699 weights down 15.4%, 700-799 lbs. down 3.2%, and the over 800 lb. category down 4%. The fewer lightweight placements reflect improved grazing conditions and the potential for winter wheat pasture with the favorable moisture that has occurred in parts of the southern wheat region.

HOW FAST CAN THE BEEF COW HERD BE REBUILT?

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

Historically, the cattle cycles that the beef industry has observed for many years were self-regulating cycles of inventory driven by internal beef industry factors including calf price levels, beef cattle biology and the rigidity of forage resources used in the industry. It is these factors that influence what cow-calf producers want to do, and that, when combined with the availability and condition of production resources which determine what can be done, result in changes in the beef cow herd inventory. These decisions by cow-calf producers ultimately determine the cattle supply for the entire industry.

Most of the cow herd liquidation that has occurred since 2001, including the aborted herd expansion of 2004 and 2005, were the result of external factors including input market shocks that reduced cow-calf profitability; a U.S. and global recession that tempered cattle prices and producer expectations; and severe drought since 2011. This means that the last 3.4 million head decline in the beef cow herd was not due to typical cattle cycle factors. It has been suggested that the cattle cycle is a thing of the past. I believe that these other factors have masked and overwhelmed cyclical tendencies through this period and do not mean that the cattle cycle is gone or irrelevant in the future. However in situations where drought has forced inventory adjustments that are counter to what producers want to do, the details of how the adjustments happen become important. How we got to where we are will have an impact on how herd expansion will take place in the future.

Since 2007, the calculated number of heifers entering the cow herd has remained above average even while the very high rate of cow culling has resulted in net liquidation and reduction in the cow herd inventory. In a more typical cattle cycle, the rate of heifer placement decreases at the same time as increased cow culling, with both contributing to herd liquidation. This happened, for example, during the 1996-2001 period of cattle

inventory liquidation. In contrast, during herd expansion, heifer placement typically increases simultaneously with decreased cow culling to result in herd expansion (e.g. during 1991-1995). In recent years producers have continued to invest in replacement heifers despite the necessity of reducing herd size as a result of external shocks and drought. The fact that the industry has simultaneously increased cow culling and heifer placements in recent years means that the current beef cow herd is not only the smallest in 60 years, but likely one of the youngest and most productive ever.

At this point in 2013, cow-calf producers appear to have a growing incentive for herd expansion with strong profit prospects and improved forage conditions in many regions. Beef cow slaughter for the year to date is unchanged from last year but is down over 13 percent in the most recent two weeks of data and suggests that the beef industry is back on track of decreasing cow slaughter, a necessary component of herd expansion. However, sharply decreased beef cow slaughter of, perhaps, 8-12 percent for the remainder of the year will result in annual beef cow slaughter down a modest 4-5 percent. Additionally, there are indications that replacement heifers were diverted into feeder markets in the first half of the year, part of the residual effects of drought, reduced hay supplies and extended winter impacts. The combination of larger cow slaughter (smaller than expected reductions) and decreased heifer placements is likely to result in a year over year decrease of 0.75 -1.25 percent in the beef cow herd as of January 1, 2014. There are indications that heifer retention will accelerate this fall with cow-calf producers holding more heifer calves for breeding.

Most herd expansions in the past have included one to two years of minimal or modest herd growth before accelerating for two to three years. Herd expansion prospects for 2014 include both factors that suggest potential for faster than normal growth and factors that will limit growth. The young and productive base herd suggests the potential for one of two years of very minimal cow culling which would contribute to faster growth. A year over year drop in beef cow slaughter of roughly 20 percent in 2014 would correspond to a culling rate of less than 9 percent, a low rate typical of herd expansion. With such a young herd, an even bigger decrease in cow culling is possible (less than 8 percent) but such a large decrease in cow slaughter might result in significant disruption in lean beef (hamburger) supplies. The sharply higher cull cow prices that would result will mitigate some of the decrease in cow slaughter. At that same time significantly more replacement heifers may be reported on January 1, 2014 but it will likely include a higher than normal percentage of heifer calves that will not produce a calf until 2015.

The situation described above suggests that it may be possible to see relatively rapid growth in the cow herd in 2014. Though 2013 is likely another year of herd liquidation, the improvement in conditions in the second half of the year may provide the period of herd stabilization (with little or no growth) that often occurs in first year of herd expansion. As long as drought conditions continue to moderate, beef cow herd growth of two percent is possible in 2014 with another 2-3 percent in 2015. Growth faster than this is unlikely when all factors are considered although slower growth is certainly possible. Among several implications, the reduction in cow and heifer slaughter that this growth implies is expected to lead to a roughly 7 percent decrease in total cattle slaughter in 2014.

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.

Table 23.A Estimated Costs per Acre, Sodseeded Winter Pastures, Louisiana, 2013.

ITEM	UNIT	PRICE DOLLARS	QUANTITY	AMOUNT DOLLARS	YOUR FARM
DIRECT EXPENSES					
FERTILIZER					
Nitrogen	lbs.	0.56	101.0000	56.56	_____
Phosphate	lbs.	0.65	29.0000	18.85	_____
Potash	lbs.	0.47	35.0000	16.45	_____
SEED					
Ryegrass seed	lbs.	0.50	35.0000	17.50	_____
OPERATOR LABOR					
Tractors	hour	9.60	0.1200	1.15	_____
DIESEL FUEL					
Tractors	gal	3.31	0.3088	1.02	_____
REPAIR & MAINTENANCE					
Tractors	acre	0.07	1.0000	0.07	_____
INTEREST ON OP. CAP.	acre	2.75	1.0000	<u>2.75</u>	_____
TOTAL DIRECT EXPENSES				114.36	_____
FIXED EXPENSES					
Tractors	acre	0.47	1.0000	<u>0.47</u>	_____
TOTAL FIXED EXPENSES				<u>0.47</u>	_____
TOTAL SPECIFIED EXPENSES				114.83	_____

Table 24.A Estimated Costs per Acre, Temporary Winter Pastures, Prepared Seedbed, Louisiana, 2013.

ITEM	UNIT	PRICE DOLLARS	QUANTITY	AMOUNT DOLLARS	YOUR FARM
DIRECT EXPENSES					
FERTILIZER					
Nitrogen	lbs.	0.56	101.0000	56.56	_____
Phosphate	lbs.	0.65	29.0000	18.85	_____
Potash	lbs.	0.47	35.0000	16.45	_____
SEED					
Ryegrass seed	lbs.	0.50	40.0000	20.00	_____
OPERATOR LABOR					
Tractors	hour	9.60	0.6006	5.76	_____
DIESEL FUEL					
Tractors	gal	3.31	2.3186	7.67	_____
REPAIR & MAINTENANCE					
Implements	acre	1.92	1.0000	1.92	_____
Tractors	acre	0.85	1.0000	0.85	_____
INTEREST ON OP. CAP.	acre	3.43	1.0000	<u>3.43</u>	_____
TOTAL DIRECT EXPENSES				131.51	_____
FIXED EXPENSES					
Implements	acre	3.91	1.0000	3.91	_____
Tractors	acre	5.20	1.0000	<u>5.20</u>	_____
TOTAL FIXED EXPENSES				<u>9.12</u>	_____
TOTAL SPECIFIED EXPENSES				140.63	_____

ACADIANA BEEF CATTLE PRODUCERS FIELD DAY

Date: Thursday October 3, 2013
Time: 5:00 p.m. – 8:00 p.m.
Place: Dominique's Stockyard, Opelousas
2800 West Landry St.

Registration starts at 4:30 PM

PROGRAM

- ◆ **Carcass Ultrasound Technology for the Beef Herd-** Dr. Tim Page and Dr. Karl Harborth
- ◆ **Bull Fertility Testing, Your Calf Crop Insurance-**Dr. Jacques Fuselier and Dr. John Fontenot
- ◆ **Trichomoniasis Facts for Louisiana-**Dr. Christine Navarre
- ◆ **Reducing Bull Costs, New Uses of Artificial Insemination for the Commercial Cattlemen-**Mr. Darren Goodwin and Mr. Gary Wicke
- ◆ **Successful Ryegrass Planting Methods and Strategies-**Dr. Ed Twidwell
- ◆ **Pasture Weed Identification and Control Methods-**Dr. Ron Strahan
- ◆ **Dominique's Stockyard Marketing and Services-**Mr. Mike Dominique

DINNER PROVIDED

Door Prizes



Louisiana
Forage &
Grassland
Council

CONTACT S: LCA District VIII Vice President—James Leleux (337-893-8334); LCA Board-Member-at-Large—Joe Hidalgo (337-945-2640); Iberia—Blair Hebert (337-369-4441); Iberia Research Station—Guillermo Scaglia (337-276-5527); St. Landry-Vincent Deshotel (337-948-0561); Lafayette, West St. Mary, and St. Martin—Stan Dutile (337-291-7090); St. Mary—Jimmy Flanagan (337-828-4100 ext.300); and Vermilion and Acadia—Andrew Granger (337-898-4335); Louisiana Forage and Grassland Council—Ed Twidwell (225-578-4564)