

July 17, 2012

COWCHIP

DATES TO REMEMBER:

July

26 Vermilion Parish Cattlemen's Association Board Meeting, 7:30 p.m., Soop's, Ryegrass Seed Bids considered

August

6 Deadline for Master Cattle Producer Registration (see article)

FERTILIZER MARKETS SHIFTING:

It's more bad news for the next two or three years but long term things are changing. The demand for fertilizer is growing by leaps and bounds encouraged by high grain prices. Farmers throughout the world want to take maximum advantage of record high prices for grain, oil seeds and sugar and to do so fertilizer is needed. Global fertilizer demand was up 3% last crop year and estimates say it will be up by 2.5% for this crop year. One hundred eighty-one million metric tons of nitrogen, phosphorus and potassium will be used this year worldwide.

In the next five years reduced inventories and strong crop prices are expected to persist driving demand for fertilizer even higher. Not great news for ryegrass and hay producers; however, new production companies have taken note of the profit potential and this new interest will either come to fruition or cause the current producers to lower prices enough to discourage new investment. Potash in particular is predicted to be in oversupply in the not so distant future. Current potash producers have fairly low costs of production and could easily increase output. More than 60 new potash mining projects and nearly 250 new fertilizer plants are expected to come online in the next five years, leading to large potential surplus of both nitrogen and potassium by 2015. So there may be light at the end of the tunnel for at least one of our costly inputs.

MASTER CATTLE PRODUCER:

We will be offering the Master Cattle Producer Course again this year. It is a series of 10 classes that will be offered starting late August 2012 and will conclude late October. It will be every Monday evening during this time except for Labor Day. Each class will last about three hours, starting at 6:00 p.m. A meal will be served at each meeting. The cost is \$125.00 per person to cover meals, teaching materials and a metallic sign for all graduates.

Subjects included in the course are:

- Nutrition
- Pasture Management
- Breeding and Genetics
- Reproduction
- Herd Health
- Cattle Handling
- End Product
- Record Keeping
- Marketing

In addition, the Environmental Stewardship portion of the Master Farmer course and Beef Quality Assurance class are required for graduation.

If you are interested in this course please fill out the enclosed form and return it along with a check made payable to the Vermilion Parish Cattlemen's Association by August 6th.

ATTENTION RANCHERS: OPPORTUNITY KNOCKING:

By: Andrew Granger and Dr. Wayne Wyatt

With record high prices for our cattle, it is easy to overlook the details that can make a difference when profit margins become tighter. Now is probably the best time for cattle producers to look at management practices and make adjustments that can help insure profits even with soaring input costs downward-cycling market prices. Investments in pasture fertility, establishment of clovers, shortening calving season, altering vaccination and adopting improved deworming practices can result in increased efficiencies. These practices have the potential to keep ranches profitable in tough times and will even allow for increased profit in favorable markets such as we have now.

Farm management decisions such as stocker cattle or heifer producer systems on lush winter annuals have the potential to increase farm profitability and should be considered by the forward-thinking ranchers across Acadiana. Broad sweeping management decisions are much easier to consider when we have a good market window and are making money with cows. Now would be an opportune time to consider our cow culling strategy with the intent of improving overall herd performance and ranch profitability. With a good market, we can go beyond just removing cows that fail to wean a calf. Culling on productivity begins with a cow weaning a calf every year and getting rid of those that don't. It is also a good time to look at the "temperament" of your cattle and eliminate those "bad actors" from the herd. Consideration should be given to culling cows that calve in the latter third of the calving season. Consequently, less acreage to maintain a smaller, more productive herd would be required. This would allow the saved acreage to be dedicated to other beef production systems, such as retaining weanling calves. In short, those cull cows are worth a good bit of money now and would allow us to prepare for the future with a more efficient (less inputs and greater productivity) cow herd and greater ranch diversity with a stocker or heifer development program using calves from the herd and from outside sources.

It is easy to overlook and accept bad tempered cattle as normal. However, ill-tempered cattle are costing you money. Injuries to the cattle and the people who work with them and damages to facilities are direct costs. What you may overlook is that these cattle are less productive. Those cows that spend more time looking around rather than coming to the feed trough, the ones that run every time they are approached and run into or jump fences are not only poorer performing themselves but may be impacting the whole herds performance. Research studies as far back as 1995 have tried to quantify the effect of temperament on cattle growth rate, health, meat quality and reproductive performance. By almost every measure ill temperament is a negative.

Researchers across the Southern region of the United States have conducted research to examine the effect of temperament on heifer development. The LSU AgCenter has participated in this research. Angus and Brahman-influenced heifers at the Central (Dr. Don Franke), Hill Farm (Dr. Sid DeRouen), and Iberia Research Stations (Dr.

Wayne Wyatt) collected postweaning growth data on about 350 heifers over a 5-year period. These researchers measured the temperament of cattle by observing behavior in a squeeze chute and the speed at which they exited the chute (demonstrated by Mr. Andrew Granger and Mr. Stan Dutille at the 2007 Acadiana Cattle Producers Spring Field Day at the Iberia Research Station). Results of the study suggest that as temperament worsened ADG suffered and that selection pressure can result in calmer, faster growing replacement heifers. This result was not known until the research was conducted and allows us to have calmer working cow herds over time. Of course, that doesn't relieve us of the management responsibility of using proven handling techniques to work our cattle. The LSU AgCenter and the Louisiana Cattleman's Association have been hosting cattle handling workshops throughout the state (contact Dr. Christine Navarre). While these results only represent Louisiana's part of the regional study, they are interesting and confirm other such results. A note of caution for strict culling based on temperament. It is probably a bad idea to select only the most calm animals. This practice may result in poorer mothering ability and reduce foraging instinct. A better approach is to cull only the highly excitable animals. Cattle that kick, jump fences or struggle violently when handled should be culled.

Culling cows, based on production performance, is a recommended practice during a positive market. Doing so allows us the opportunity to improve the individual performance of the cows remaining in our herd and also allows us the opportunity to consider other diverse ranching ventures. Culling of temperamental cattle costs nothing. While she may have been the best looking calf at weaning keeping her will end up costing you in lost production, repairs, labor and maybe medical bills.

LOUISIANA CATTLE MARKET UPDATE:

Friday, July 6th, 2012

Ross Pruitt, Department of Agricultural Economics and Agribusiness, LSU AgCenter

Managing Input Risk amid Yield Uncertainty

The latest USDA Drought Monitor lists just over 76% of the U.S. currently in some stage of drought compared to 37% this time last year. Areas that had severe impacts last year are not experiencing the same severity of conditions this year, but a second straight year of drought is certainly taking its toll. Weekly U.S. beef cow slaughter continues to be less than a year ago, but slaughter for the most recent week that data is available (June 23rd) is 17.6% lower than a year ago which corresponds to timeframe last year that national beef cow slaughter began to accelerate. Pasture and range conditions in the southeast have worsened in recent weeks with 34% of pastures rated poor or very poor.

Conditions in major grain producing areas continue to deteriorate with private firms reducing their yield expectations to the low 150 bushels per acre range. Additional downward revisions in corn yield are expected, but due to the large amount of acres planted in corn, will likely be one of the larger corn crops the U.S. has ever produced, if expectations on the amount of harvested acres turn out to be correct. This risk has been priced into the market with December corn futures near \$7/bushel, but demand may not support those prices leading to lower prices once more concrete information arrives in terms of what ending stocks for the 2012/13 corn crop may be.

While national corn yields have been impacted by the hot weather that has occurred during the critical pollination period, the risk premium that is currently present in corn futures may dissipate when harvested yield information becomes available and concrete. Feeder cattle and calf prices will remain under pressure even if corn prices weaken due to grain prices being higher than expected. Estimated cattle feeding returns have been negative all year and the run-up in feed costs will do nothing to improve that picture.

While your operation may not be large enough to manage risk through the futures or options market, buying future needs for your operation slowly over the next few months could potentially help your operation experience cost savings that would not accrue by a knee jerk reaction due to weather concerns now. This will require more time on your part to watch the market for buying opportunities, but could result in significant savings if the risk premium

currently in the market dissipates. The important thing is to develop a plan that you can reassess as market conditions warrant to minimize your costs. Of the potential feedstuffs shown below, only whole cottonseed is cheaper this year than last year when it was \$358/ton.

Ingredient	\$/ton	%DM	\$/Ton Dry	% CP	%TDN	\$/ Lb. CP	\$/Lb.TDN
Corn Gluten Feed Meal ¹	\$ 600.00	88%	\$ 681.82	21%	80%	\$ 1.62	\$ 0.43
Soybean Hulls ¹	\$ 190.00	90%	\$ 211.11	13%	80%	\$ 0.81	\$ 0.13
Soybean Meal ¹	\$ 460.50	90%	\$ 511.67	48%	75%	\$ 0.53	\$ 0.34
Whole Cottonseed ¹	\$ 268.00	91%	\$ 294.51	23%	92%	\$ 0.64	\$ 0.16
Corn ²	\$ 220.71	88%	\$ 250.81	9%	88%	\$ 1.39	\$ 0.14
Dried Distillers Grains ³	\$ 242.50	88%	\$ 275.57	28%	88%	\$ 0.49	\$ 0.16

Source: USDA AMS. All prices FOB. Prices for week ending July 7, 2012.

¹ Memphis; ² Pine Bluff, AR; ³ Eastern Corn Belt

Concern over yield potential due to hot and dry weather through much of the Corn Belt pushed corn higher during the holiday shortened week. December futures closed above \$7/bushel on Thursday, only to pull back on Friday as the market took the chance to book profits ahead of the weekend. Private analysts have lowered yield estimates to the low 150 bushel/acre range with some signaling further reductions are imminent by the end of July.

Live cattle futures were mixed with nearby contracts moving lower due to higher grain prices. Deferred contracts rose reflecting higher costs of production due to the increase in feed grain prices. Feeder cattle futures were lower with nearby contracts being impacted more than deferred contracts.

Cash fed cattle trade were mostly \$1/cwt higher at \$117 in Texas and Kansas, with prices in Nebraska at \$117 to \$118/cwt. Dressed prices ranged from \$185/cwt in Kansas to \$185-\$188/cwt in Nebraska.

Prices from feeder cattle auctions were light this week due to the holiday.

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.



Louisiana Master Cattle Producer Program

Registration Form

(Please Print Legibly)

Name: _____ Date: _____

Mailing Address: _____

City/Town: _____ State: _____ Zip Code: _____

Parish of Residence: _____ Area Code & Phone No.: _____

Parish of Cattle Operation if different from Residence: _____

E-mail address: _____

The following requirements must be completed in the next two years to become a Master Cattle Producer :

- 1) Environmental Stewardship (Master Farmer) - 8 hours
- 2) Beef Quality Assurance (BQA) certification-presented by Louisiana Cattlemen’s Association (LCA).
- 3) Completion of the following three hour lectures:

-Animal Handling	-Nutrition
-Reproduction	-Animal Breeding and Selection
-Pasture Management I	-Pasture Management II
-Financial Planning I	-Financial Planning II
-Animal Health	-End Product

The cost of Master Cattle Producer certification is \$125.00. Please make checks out to: Vermilion Parish Cattlemen’s Association and mail to:

ANDREW GRANGER
1105 WEST PORT STREET
ABBEVILLE, LA 70510