The Bad News-Good News Story of Cattle Markets

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Current cattle markets can be thought of as a series of bad news-good news stories. The bad news is that cash fed cattle prices pulled back last week from the highs at the end of the week before. The good news is that the jump up to $124/cwt. live fed cattle prices was not expected and the current level in the $120-121/cwt. range is at or above most expectations for fed prices at this point.

After an unexpected run higher, Live Cattle futures prices also pulled back last week from highs the week before. Nevertheless, Live futures are still offering attractive levels to lock in fed cattle for the spring. It’s not clear if cattle futures are simply making a technical correction and some profit taking but the long speculative position in the markets makes it vulnerable to move lower. The opportunities currently offered may be fleeting.

A similar story exists for Feeder futures with recent moves lower from unexpectedly high peaks in early November. The good news is that moves lower have thus far been quite orderly and spring contracts remain at levels that offer unusual opportunities for feeder cattle producers to lock in attractive margins. As with Live Cattle futures, current Feeder futures are built on long speculative positions that could turn and allow an abrupt and sharp drop. The opportunity is there but may be passing.

Cash feeder cattle markets have remained unseasonably strong this fall...bad news for stocker buyers but good news for cow-calf producers. However, as noted above, even at current calf and stocker prices, good margin opportunity exists currently for stocker producers. There is certainly downside risk so risk management is advised.

There is bad news in that cattle slaughter is higher than last year reflecting the growth in cattle numbers the past three years. The good news is that steer and heifer carcass weights are sharply lower than last year and are offsetting a significant amount of increased cattle slaughter in 2017. The upcoming cattle on feed report is expected to show another month of large placements in October. This is certainly consistent with the strong feeder prices and larger feeder market volumes this fall. The good news is that feedlot marketings remain strong as well and are limiting growth in feedlot inventories.

In the bigger picture, the bad news is that feeder cattle supplies will continue to grow into 2018 and beef production is expected to increase another four percent year over year, on top of a roughly four percent increase this year from 2016 levels. Combined with increased pork and broiler production, total meat supplies will be larger in 2018. The good news is that strong beef demand, both domestically and internationally, has supported cattle and beef prices in 2017. At the current time, retail beef prices are holding close to year ago levels with boxed beef and cattle prices at all levels higher than this time last year.

In general, it seems clear that the good news outweighs the bad news in current cattle markets. However, there will continue to be uncertainty and challenges in the continuing cattle market demand and supply dynamics.
Some producers throughout Oklahoma have been delayed in getting their wheat crop established due to fall armyworm and/or the rainfall we have had throughout October. While we are now outside of the optimum planting window for grain-only wheat production, the good news is that late-planted wheat can still yield well if environmental conditions cooperate and if producers make a couple management adjustments.

**Seeding rates:** The main problem with late-planted wheat is reduced tillering and slowed canopy closure when compared to earlier-planted wheat. On average, wheat plants sown in early- to mid-October will produce 2-3 tillers/plant. At a seeding rate of 60 lbs/acre (20-25 seeds/ft\(^2\) depending on seed size), the 2-3 tillers/plant can help us achieve the 60-70 heads/ft\(^2\) needed to maximize grain yield. Wheat planted in early- to mid-November may only produce 1-2 tillers/plant. Therefore, seeding rates right now should be increased by as much as 50% and increased by as much as 100% if planting gets delayed past mid-November. So, if a producer uses a 60 lbs/acre seeding rate during the optimum planting time, the seeding rate should be increased to around 90 lbs/acre for right now and then increased to 120 lbs/acre past mid-November.

There may be questions too on replanting decisions during this time of year. This can be a challenging decision, but the first step is to count the number of plants in different parts of the field to assess the stand. A thin but uniform stand will have more yield potential than one that is thick in some areas but nonexistent in others. During the optimum planting time, a thin but uniform stand (50% of the target stand for example) would likely be enough to keep, given adequate fertility and favorable weather conditions that would allow for tillering to help compensate. However, a similar scenario for a wheat field emerging at this time will need help. After assessing the stand, areas with thin or nonexistent stands should be filled in to reach your desired stand target. If replanting into an existing stand, it should be done at an angle (up to 45 degrees) to minimize damage to the existing stand.

**Fertility:** Late-planted wheat will need all the help it can get when it comes to fertility. The root system for late-planted wheat will likely not be extensive enough to intercept a significant amount of soil phosphorus until the spring. An in-furrow application of P fertilizer (50 lbs/acre of DAP for example) can be of great benefit. With this, the fertilizer is closer to the young seeding, and the plant can get to it sooner. Nitrogen fertilizer can also be used to encourage tillering. However, rather than increasing fall N rates, late-planted fields should be put at the top of the list for top-dressing in January or February. There is most likely enough N available between residual soil N and any starter fertilizer N for growth this fall since wheat in grain-only production does not need much N (up to 20-25 lbs/acre) in the fall to get good establishment. Using N-rich strips can aid in determining when to apply topdress N, and a more accurate amount to apply can be determined using sensor-based methods.

**Variety selection:** It is most likely too late to make any switches in variety selection. If there is an opportunity to change varieties though, using a variety with good tillering ability and earlier maturity may be of benefit. A good tillering variety can help compensate for the less available time this fall for tiller development; whereas, a low-tillering variety may not be able to produce any tillers this fall. Late-planted wheat may also result in delayed development in the spring and force the grain fill period to be shorter by occurring later when environmental conditions are likely warmer and drier. An earlier maturing variety could be used to offset this chance that grain fill occurs during suboptimal conditions.

**Pests:** Finally, it is important not to short-change a late-planted wheat crop in terms of pest management. Remember that a late-planted crop has less competitive ability than an early-planted crop. Control insect pests as soon as thresholds are reached, and make herbicide applications while weeds are still small and have not yet removed large amounts of nutrients and soil moisture.
How Many Heifers to Keep?

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Each year commercial cow/calf operations must decide how many replacement heifers are grown out to be put in the breeding pasture. Individual ranches must make the decisions about heifer retention based upon factors that directly affect their bottom-line. Stocking rates may have changed over time due to increases in cow size. Droughts have caused herd sizes to fluctuate over time.

Matching the number of cattle to the grass and feed resources on the ranch is a constant challenge for any cow-calf producer. Also producers strive to maintain cow numbers to match their marketing plans for the long term changes in the cattle cycle. Therefore it is a constant struggle to evaluate the number of replacement heifers that must be developed or purchased to bring into the herd each year. As a starting place in the effort to answer this question, it is important to look at the “average” cow herd to understand how many cows are in each age category. Dr. Kris Ringwall, director of the Dickinson, North Dakota Research and Extension Center reported on the average number of cows in their research herd by age group for a period of over 20 years. The following graph depicts the “average” percent of cows in this herd by age group.

The above graph indicates that the typical herd will, “on the average”, introduce 17% new first calf heifers each year. Stated another way, if 100 cows are expected to produce a calf each year, 17 of them will be having their first baby. Therefore this gives us a starting point in choosing how many heifers we need to save each year. Next, we must predict the percentage of heifers that enter a breeding season that will become pregnant. The prediction is made primarily upon the nutritional growing program that the heifers receive between weaning and breeding. Researchers many years ago, found that only half of heifers that reached 55% of their eventual mature weight were cycling by the time they entered their first breeding season. This data was reinforced with data from Oklahoma State University Davis and Wettemann, 2009).

(If these heifers were exposed to a bull for a limited number of days (45-60), not all would have a chance to become pregnant during that breeding season. Therefore, it would be necessary to keep an additional 50% more heifers just to make certain that enough bred heifers were available to go into the herd. Remember the increased number of heifers will require additional pasture, increased health costs, and increased breeding costs. If natural breeding is used, extra bull power will be necessary. If artificial insemination is the method of choice, the larger number of heifers will require increased synchronization and AI costs. As soon as possible the heifers should be pregnancy checked and the open heifers marketed as stocker heifers.

However if the heifers were grown at a more rapid rate and weighed 65% of their eventual mature weight, then 90% of them would be cycling at the start of the breeding season and a much higher pregnancy rate would be the result. Even in the very best scenarios, some heifers will be difficult or impossible to breed. Most experienced cow herd managers will always expose at least 10% more heifers than they need even when all heifers are grown properly and weigh at least 65% of the expected mature weight.

The need to properly estimate the expected mature weight is important in understanding heifer growing programs. Cattle type and mature size has increased over the last half century. Rules of thumb that apply to 1000 pound mature cows very likely do not apply to your herd. Watch sale weights of culled mature cows from your herd to better estimate the needed size and weights for heifers in your program. Most commercial herds have cows that average about 1200 pounds or more. This requires that the heifers from these cows must weigh at least 780 pounds at the start of their first breeding season to expect a high percentage to be cycling when you turn in the bulls.

This discussion is meant to be a STARTING PLACE in the decision to determine the number of heifers needed for replacements. Ranchers must keep in mind the over-riding need to understand what forage base resources that they have available to them.