

COW/CALF CORNER

The Newsletter

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Beef demand and cattle prices

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Cattle prices are derived from the total value that consumers place on beef products. Final consumer demand for beef determines beef carcass values and sequentially; fed cattle prices; feeder cattle prices; and calf prices. Supply works in the opposite direction as cow-calf producers act on the derived demand signals incorporated in calf prices to produce a supply of calves and which leads sequentially to feeder cattle supplies; feedlot production, cattle slaughter and total beef production. There are complicated and intricate dynamics of time and space in these multi-sector vertical market relationships; all of which contribute to making the cattle and beef industry a very complex set of markets.

The complexity increases when one realizes that beef demand is not a single market but is the net effect of the disassembly of beef carcasses into many products entering different, but often related markets. The total carcass value that drives beef and cattle markets is the net effect of several hundred products that result from slaughter and fabrication and ultimately become thousands of different products that are part of retail grocery; hotel, restaurant and institutional (HRI) markets and exports, along with markets for edible offals and other by-products of cattle slaughter.

It is common in academic and industry discussions to refer to beef demand in the aggregate, often in the context of competing proteins, primarily pork and poultry. In reality, final beef markets consist of an immense array of companies and activities at the wholesale and further processing levels that link consumers with beef markets. Recent research at Oklahoma State University highlights this diverse set of markets and the challenges of understanding beef demand when it is disaggregated into the myriad of individual beef product markets. The research drew heavily on interviews across the multitude of beef market sectors including

packers; wholesale food distribution companies; further processors; retail grocery companies; restaurant companies and beef export specialists.

In total some thirty interviews were conducted across the country with companies representing a cross-section of the beef product industry including multiple firms at all beef market levels. These interviews provide a representative view of national and regional packing companies; further processing firms, including steak cutters providing portion control products as well as other processed product providers along with grinding companies providing hamburger for fast food restaurants; national and regional food distribution companies; and beef exports; as well as representatives of the forty thousand retail grocery stores and the six hundred thousand restaurants in the country.

Numerous issues and trends were identified in the research, which highlight the dynamic and evolving nature of beef markets. Important beef market factors include changes in beef demand following the 2008-2010 recession; impacts of record high prices in 2014-2015; increasing exports and impacts in specific beef markets; increasing demand for additional fabrication of beef products; the impact of increasing carcass size; demand for bone-in versus boneless beef products; fresh versus frozen products and the use of deep chill technology; increased demand for value-added products including more beef products resulting from additional fabrication as well as added-ingredient products; The role and increased marketing of cow beef; labor and trucking constraints; and the blending of beef marketing channels with growing popularity of home food delivery resulting from increased demand for restaurant take-out along with meal kits for home delivery or in-store purchase.

Beef markets are getting ever more complex; a trend that is likely to continue, if not accelerate. When the vast array of horizontal beef product markets is considered along with the complex set of vertical cattle and beef production sectors, all of which operate in complicated dimensions of time and space, there can be little doubt that the U.S. cattle and beef industry is one of, if not, the most complex set of markets on the planet.

Now is the time to prepare for next spring's calving season

Glenn Selk, Oklahoma State University Emeritus Extension Animal Scientist

Only 1 to 2 months ago the spring calving cows were calving, the temperatures were colder and the calving pastures were already covered with muck and manure. Experience would say that you do not want to ask cow calf operators how calving is then, because the response would be less than objective, reflecting bone-chilling cold and not enough sleep.

If you wait too long, perhaps until this fall, time will have mellowed most of the events and one soon has difficulty matching a calving season with particular problems. Plus it may be too late to make the necessary changes to reduce calving losses. Now is perhaps the best time to make a few notes on what to change for next year.

The first step is to list the dead calves. Hopefully, your cattle are in a record system that will provide that information. If not, grab a piece of paper and pencil and list the calves. Your calving notebook should have the dead calves checked off and a brief notation on what happened to each. Until all the calves are listed, the shock of lost opportunities has not had its full impact.

Can you identify a pattern of problems?

Was most of the death loss right at delivery and involved two-year old heifers? This could indicate that sire selection needs to be done more carefully, with attention being paid to low birth weight EPD sires for heifers. Perhaps the heifers were underdeveloped. This could contribute to more calving difficulty than necessary. Do you provide assistance to heifers after they have been in stage II of labor for one hour?

Was the death loss more prevalent after the calves had reached 5 days to 2 weeks of age? This of course often means that calf diarrhea (or scours) is a major concern. Calf scours will be more likely to occur to calves from first calf heifers. Calves that receive inadequate amounts of colostrum within the first 6 hours of life are 5 to 6 times more likely to die from calf scours. Calves that are born to thin heifers are weakened at birth and receive less colostrum which compounds their likelihood of scours. Often, these same calves were born via a difficult delivery and adds to the chances of getting sick and dying. All of this means that we need to reassess the bred heifer growing program to assure that the heifers were in a body condition score of 6 (moderate flesh) at calving time. If calf diarrhea is a significant cause of loss and expense, visit with your large animal veterinarian about other management changes that may help. Pre-calving vaccinations of the cows may be recommended in some cases.

Do you use the same trap or pasture each year for calving? There may be a buildup of bacteria or viruses that contribute to calf diarrhea in that pasture. This particular calving pasture may need a rest for the upcoming calving season. Plus it is always a good idea to get new calves and their mothers out of the calving pasture as soon as they can be moved comfortably to a new pasture to get them away from other potential calf scour organisms. An excellent discussion of a method used to reduce calf diarrhea is available from the University of Nebraska website. Go to this link: <http://beef.unl.edu/beefreports/symp-2007-17-xx.shtml> online and learn more about the Nebraska Sandhill method of reducing calf scours.

Thanks to Dr. Kris Ringwall of North Dakota State University for this excellent suggestion to study the calf records now and start to make adjustments.

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