

# COW/CALF CORNER

The Newsletter

From the Oklahoma Cooperative Extension Service

**July 29, 2019**

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## **Weak hide values impacting cattle prices**

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

On average, beef by-product values represent about 10 percent of fed cattle prices. By-product values have been eroding sharply the past 18 months with weekly values declining from about \$10.70/cwt. in early 2018 to about \$9.00/cwt. by the end of the year. By-products represented 8.2 percent of fed cattle prices in 2018 at an average value of \$9.60/cwt. on a live-weight basis. The latest weekly by-products value was \$8.88/cwt for the week of July 26, 2019. For the first 29 weeks of 2019, by-products have averaged \$8.78/cwt. or 7.2 percent of fed cattle prices.

Beef by-product values (or drop credit) include values for hides as well as a host of other edible and inedible products. Edible by-products are referred to as (edible) offals or variety meats and include organ meats and other beef products. Aside from hides, the most important beef by-products in terms of value include tongue, liver, tripe, heart, cheek meat, edible tallow, and meat scraps along with inedible tallow. So far in 2019, these items have had an average value of \$4.52/cwt. of fed cattle, up from \$4.30/cwt. average value in 2018. While tongue and liver values are somewhat lower compared to recent years, overall, values for these products are holding with strength in tripe, inedible tallow and meat scrap values and mostly steady values for cheek meat and edible tallow. These products are accounting for a growing share of total by-product value due to declining hide values relative to the values of these products. Thus far in 2019, these products represent 48.2 percent of total by-product value compared to an average of 43.3 percent in 2018 and 37.4 percent from 2013-2017.

Additionally, a host of minor by-products add another \$1.43/cwt. to by-product values. These include numerous products that are used for pet food or rendering, including trachea, lungs, and inedible livers and hearts among others.

Hides make up the single largest component of by-product values but a weak global hide market has sharply eroded hide and, thus, total by-product values. In the period 2013-2017, hide values (butt-branded, steer) averaged \$74.36/piece (animal) and represented 52.3 percent of total by-product value. In 2018, hides represented 45.6 percent of by-product value with an average value of \$47.93/piece. In the first half of 2019, hides have averaged \$34.46/piece and accounted for 36.6 percent of total by-product values. The June monthly average hide value was \$27.60/piece. The global hide market continues to weaken.

A variety of economic factors all contribute to the global weakness in hide values. Recent information published in Australia spell out some of the factors affecting hide values (<https://www.beefcentral.com/trade/hides-market-spirals-to-unprecedented-depths/>). Hide supplies are larger as a result of increased cattle numbers and slaughter, especially in Brazil and the U.S. Some hides are being salted and stockpiled which may limit value improvement going forward.

China is the major global buyer of hides and demand in China is hampered by tariffs and trade disruptions and by stronger environmental regulations impacting small tanneries. Hide values are so low that more hides are being rendered in some markets and some hides are not worth marketing in other markets. In Australia, for example some hides are being exported for a loss simply because the cost of environmental regulations to dispose of the hides is a greater loss. Other factors affecting hide values are exchange rates and less demand for leather in luxury cars and footwear, which are using more synthetic materials.

Beef by-product values, especially hide values, are often considered a bit of a bellwether of global economic conditions. As such, by-product values bear watching in the coming months. In the meantime, current U.S. beef by-products values are reducing fed cattle values by over \$110/head compared to peak by-product values just five years ago.

## **Late summer temperatures shorten gestation length of fall-calvers**

Glenn Selk, Oklahoma State University Emeritus Extension Animal Scientist

Each year in late July or August, it is time for an important reminder. Fall-calving season will soon be here. In fact, the start of the fall calving season often begins before some producers expect it. The target date for the beginning of fall calving very often is September 1. Most printed gestation tables predict that calving will take place 283 days (some 285 days) after artificial insemination or natural breeding. Cows and heifers that gestate in hot weather will often calve a few days earlier than expected.

Oklahoma State University physiologists studied early fall (August) and late fall (October) calving cows. Data from two successive years were combined for 60 Angus X Hereford crossbred cows. The “early” and “late” fall calving cows had been artificially inseminated in early November or early January, respectively. Semen from the same sire was used for all cows. All cows were exposed to a single cleanup bull for 35 days at 4 days after the AI season. The

weather prior to calving was significantly different for late pregnancy in the two groups. The average maximum temperature the week before calving was 93 degrees F. for the “early” fall group. The average maximum temperature the week before parturition in the “late” calving group was 66 degrees F. There was a 100% survival rate for calves in both groups and both groups of cows had very high re-breeding rates (90% and 92%, respectively).

The average gestation length for the “early” cows was 6 days shorter (279 days) as compared to the “late” cows (285 days) in year 1. The average gestation length for the “early” cows was 4 days shorter (278 days) as compared to the “late” cows (282 days) in year 2. Keep in mind that the gestation lengths listed are AVERAGE. This means that about half of the cows calved earlier than that. Records from millions of Holstein dairy cows across the entire United States report a similar pattern (Norman, et al.2009 J. Dairy Sci; 92:5). Holsteins bred in January and February (calving in October and November) averaged 2 days longer gestation than did Holstein cows bred in October (calving in July and August). Many of these would be in Northern climates with less heat stress and more moderate temperatures in the summer months. Here in the Southern Plains, late summer heat is more intense and persistent. Therefore, producers with early fall-calving cows should expect calves to start coming several days ahead of the “textbook gestation table” dates. **They should begin their routine heifer and cow checks at least a week to 10 days ahead of the expected first calving date.** Source: Kastner, et al. 2004 OSU Animal Science Research Report.

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