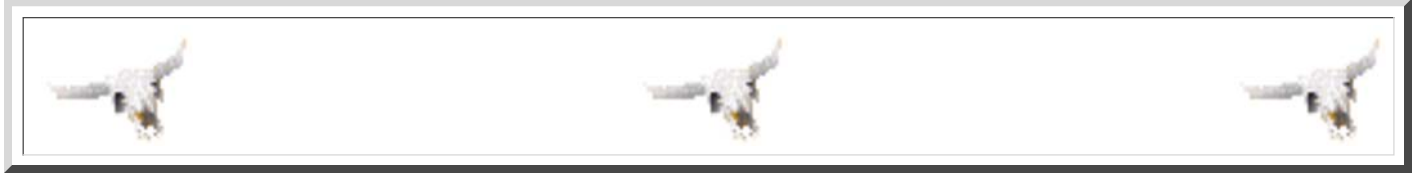


# *News From the Bullpen*



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*December 2, 1997*

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DEAR CATTLEMEN:

As this years holiday season approaches, the cattle markets are up and stable and it looks like we may have more rain than normal this winter. All indications are that the cattle business should be in pretty good shape for a while. Here's hoping that things go well for you and your families through this season and in to the new year and I hope you'll find something of value to you in this issue of the Bullpen.

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Again, hoping you find something useful and that you all have a happy and safe holidays.

## **Corn Price Predictions and How They Affect Cattle Prices -**

I was spurred to write this by all the negative predictions and speculations I have heard locally in recent weeks about what corn prices were going to do and how badly it was going to hurt cattle prices, because everything I have seen indicates the opposite. I think we're being a little over cautious about the up-turn in

cattle prices and if it's going to last or take a turn for the worse again. Predictions from Cattle-Fax and other cattle market prognosticators are that we are definitely out of the bottom of the cattle cycle and into the up transition towards higher prices as discussed in the last issue of Bullpen.

All indications for the corn market are also positive. In looking at current corn prices, they are hovering at and generally below \$3 and even down to about \$2.50 per bushel depending on the market location. In reviewing corn futures, I haven't seen any that are above \$3 and practically every future month has dropped over the past few weeks. Additionally the USDA crop production report released October 10th showed that the corn crop estimates were up from the original estimate in September and showed an increase over 1996 production. If the expected estimate comes in, this years corn crop will be the third largest on record. This report along with the other indicators would lead me to believe that corn prices are going to remain steady and possibly even drop a little.

The question then is, how does the price of corn affect cattle prices and how can we use this information? A general answer is that the lower the corn price, the higher the price buyers are willing to pay for cattle. If we look at the included table labeled Break even Purchases Price 550 lb. Steer, we can get a better idea how this applies. Along the left axis of this table is Fed Cattle Price going from \$58 up to \$70, and along the top axis we find corn prices per bushel going from \$2.40 up to \$4.40 and the intersection of any of these points in the middle is the break even purchase price at those two prices. As an example if we assume fed cattle prices are \$60, and corn is at \$3 per bushel and we draw a line from each to their intersection we can see that a break even price for 550 lb. Steers would be \$58.16. This is the price that feedlot buyers know they can pay for these calves and be at break even when they sell them for \$60. And of course, if they can buy those steer calves for less than the \$58.16, then they can expect to make a little money on them. If we look at the information available for this week as another example, we already know that corn prices are going between \$2.50 and near \$3.00, and then upon investigation find that fed cattle prices as of this writing are for the most part \$66.00. When we run the intersection lines, we determine that break even prices are going to run from \$69.41 to something over \$75.45 for 550 lbs steers. When we look at the market reports for this week in our area we see that generally 500-600 lb steers brought between \$65-75.50, which puts us in the ballpark of what we might expect by using this table.

### BREAK-EVEN PURCHASE PRICE

550 lb Steer  
Corn Price  
\$/bu

Fed Price	2.40	2.60	2.80	3.00	3.20	3.40	3.60	3.80	4.00	4.20	4.40
58.00	63.47	60.45	57.43	54.41	51.39	48.37	45.35	42.33	39.31	36.29	33.27
60.00	67.22	64.20	61.18	58.16	55.14	52.12	49.10	46.08	43.06	40.04	37.02
62.00	70.97	67.95	64.93	61.91	58.89	55.87	52.85	49.83	46.81	43.79	40.77
64.00	74.72	71.70	68.68	65.66	62.64	59.62	56.60	53.58	50.56	47.54	44.52
66.00	78.47	75.45	72.43	69.41	66.39	63.37	60.35	57.33	54.31	51.29	48.27
68.00	82.22	79.20	76.18	73.16	70.14	67.12	64.10	61.08	58.06	55.04	52.02
70.00	85.97	82.95	79.93	76.91	73.89	70.87	67.85	64.83	61.81	58.79	55.77

*"When you get there, there isn't any there there." -Gertrude Stein*

## CENTENNIAL CELEBRATION OF NCBA-

A tidbit of information about the National Cattlemen's Beef Association, 1998 will be the 100th year of an association of National beef producers. The original organization was the National Stock Growers in 1898 and apparently was an organization for all livestock producers from across the nation. The organization has changed numerous times over the past hundred years not only in composition, but also in name, but is still one of the strongest and most influential organization in the country. The Centennial Celebration of NCBA is to be held at the National Convention in February.

*"I see gr-reat changes takin' place ivry day, but no change at all ivry fifty years." -Finley Peter Dunne*

## WHO CAN TELL WHAT THE WEATHER WILL DO?

Everyone is speculating about what effect El Nina is going to have on our weather this winter and they range from colder and wetter and longer than normal to warmer and wetter than normal. The only thing that appears to be certain is that El Nina is going affect our winter weather this year, and that we are probably going to be wetter than normal. The National Weather Service is predicting our winter months will have 130 to 150 percent greater than normal rainfall. Since our winter months usually have next to nothing for rainfall, this could be a welcome change, however a wet winter, especially if it stays cooler than normal will adversely affect cattle.

Cold weather, or cool, rainy, windy weather increases nutrient requirements for cattle, especially energy requirements cold also increases the rate of passage of feed through the digestive tract, which means that fewer nutrients are released for the animals use. Add to this the high fiber, low digestibility forages that are normally available to our cattle in the winter and we have a situation in which cattle can get in poor body condition in a hurry Therefore, it's imperative that winter supplementative programs are already in place, and plenty is going to be available if the weather turns colder and wet. Supplements should provide .75 to 1.0 pound of crude protein per cow per day and depending on the forage 1.5 to 3 Ibs of TDN per cow per day. It is recommended that a high percentage of the crude protein in supplements be natural protein and generally less than 25% of the crude protein be non-protein nitrogen.

Two publications along with other published information are available in the Extension Office to assist you with supplementative decisions: SS-ANS-13 "Guidelines to Selecting a Liquid Feed for Winter Supplementation of Producing Beef Cows in South Florida", and "Strategies for Cost Effective Supplementation of Beef Cattle".

*"Every new adjustment is a crisis in self-esteem." -Eric Hoffer*





## NATIONAL NON-Fed BEEF QUALITY AUDIT RESULTS

Few markets remain for our cull cows and bulls, and we need to begin to look at the products we supply to these markets to insure their economic viability continues in the future. The 1994 National Non-Fed Beef Quality Audit results released a few months ago indicate that \$69.90 per head is lost due to a variety of defects at slaughter. Among the major contributing defects are excessive external fat, inadequate muscling, whole cattle and/or carcass condemnation, brands, bruises and injection site lesions.

The top ten defects of cull cows and bulls according to packers, retailers, surveyors and restaurateurs are:

1. Excessive bruises
2. Excessive condemnation rate
3. Excessive brands
4. Small ribeyes in cows
5. Inadequate muscling in cows
6. Excessive external fat
7. Excessively heavy live weights in bulls
8. Low dressing percentages
9. Advanced lameness
10. Too frequent disease

Some of the impacts and importance of Non-fed beef production and why we need to be concerned with keeping and improving the viability of this market segment are:

-  Sales of cows and bulls for slaughter account for 15% to 20% of producer revenues
-  Non-fed beef represents 19% to 20% of total U S beef production
-  Cows generate 70% to 75% of non-fed beef
-  Ground beef, much of which comes from cows and bulls, accounts for 43% to 44% of all beef consumed in the U.S.

As a result of the findings of this National Non-Fed Beef Quality audit, the following 10 strategies were recommended for improving the quality, competitiveness and value of cull cows and bulls for beef..

1. Minimize condemnation by monitoring herd health and marketing non-fed cattle with physical disorder in a timely manner.
2. Effect and product improvement by monitoring and managing non-fed cattle and by marketing them before they become too fat or too lean, too light or too heavy, thinly muscled or emaciated
3. Decrease hide damage by coordinating management and parasite control practices and by utilizing different methods of permanent ownership identification.
4. Reduce bruises by dehorning, by correcting deficiencies in facilities, transportation and equipment, and by improving handling techniques.
5. Encourage competitiveness by implementing non-fed cattle marketing practices that assure producer accountability
6. Assume equity in salvage-value by requesting improved consistency of interpretation and application of

- federal meat inspection criteria among non-fed cattle slaughter facilities.
7. Improve beef safety by encouraging practices which reduce bacterial contamination of carcasses.
  8. Prevent residues and injection-site lesions in non-fed cattle by ensuring responsible administration and withdrawal of all animal health products.
  9. Enhance price discovery by encouraging development of effective live and carcass grade standards of non-fed cattle.
  10. Encourage on-farm euthanasia of disabled cattle and those with advanced bovine ocular neoplasia.

## **FLORIDA CATTLEMEN'S INSTITUTE AND BEEF CATTLE SHORT COURSE DATES**

It's never too early to get some things on your calendar, and dates for the Florida Cattlemen's Institute and Allied Trade Show and the Beef Cattle Short Course have been established for 1998.

The Beef Cattle Short Course for 1998 will be held May 6-8, 1998 at the same location, the Radisson in Gainesville. The theme and final program has not been finalized yet, but I wanted you to have the dates to plan ahead for. Be looking for program brochures and registration information some time in months to come.

The 15th Annual Florida Cattlemen's Institute and Allied Trade Show will be held Thursday, January 22, 1998 at the Kissimmee Valley Agricultural Center. The theme for this year's Institute is "Building Performance for the Future", and features three speakers of national prominence, Mr. Mark Gardiner of Gardiner Angus Ranch, Askland, Kansas will be featured twice on the program. As the first speaker Mr. Gardiner will be discussing "Results of Selecting Superior Genetics" and later in the morning he will talk about "Getting Paid for Superior Genetics" Mr. Gardiner's family operates one of the largest and most progressive Angus ranches in the US and he has extensive experience working with some of the alliances we have heard so much about.

Dr. Gary Cowman, Executive Director of Quality Assurance for the National Cattlemen's Beef Association will also be featured in the morning. Dr. Cowman, whose many articles on quality assurance issues you may have read in numerous cattle related publications, will speak to us on "Beef Quality Assurance: More Than Just Where to Put Your Shots."

The last morning speaker will be Dr. Del Allen, Vice President for Quality and Training for Excel Corporation in Wichita, Kansas. Dr. Allen will be discussing "Marketing Performance from a Packer's Perspective."

The rest of the day's presentations should be equally informative, and this looks to be one of the best programs at the Institute yet. Please find enclosed a copy of the program brochure for this year's Florida Cattlemen's Institute and Allied Trade Show. Arrangements are again in place with the Howard Johnson Kissimmee Lodge for anyone wishing to go up the night before. Rooms are available for \$26 and reservations should be made by January 8th by calling either (407)846-4900 or 1/800-446-4656. See you in Kissimmee.

## **FALL BEEF FORUM IN OKEECHOBEE**

Please find enclosed a program announcement for the Fall Beef Forum to be held at the Okeechobee County

Extension Office, Wednesday, December 17, 1997. Please note that lunch reservations are required by December 15th.

## UPCOMING DATES OF INTEREST--

### December 1997

4<sup>th</sup> - 5<sup>th</sup> - Florida Cattlemen's Assoc. Quarterly Meeting, Ocala, FL

11<sup>th</sup> - Mid-Atlantic Bull Sale, Wauchula, FL

17<sup>th</sup> - Fall Beef Forum, Okeechobee, FL

### January 1998

13<sup>th</sup> - 14<sup>th</sup> - Land & Resource Management School: Sustaining Range & Environmental Resources, sponsored by South Florida Beef/Forage Program, Arcadia, FL

13<sup>th</sup> - Ocala Graded Bull Sale, Ocala, FL

22<sup>nd</sup> - Florida Cattlemen's Institute & Allied Trade Show, Kissimmee, FL

### February 1998

4<sup>th</sup> - 7<sup>th</sup> NCBA Centennial Convention, Denver, CO.

6<sup>th</sup> - 14<sup>th</sup> - Highlands County Fair & Jr. Livestock Show, Sebring, FL

*"The shortest distance between two points is always under construction". -Noelie Alito*

For questions or comments regarding this publication contact



[Patrick J. Hogue](#)



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