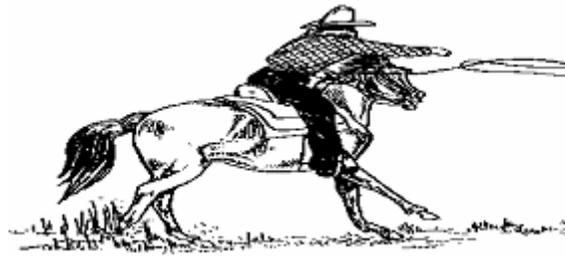


Polk County Cattlemen's Association Newsletter



The Polk County Rancher

Polk County Extension Service
 1702 Hwy 17/98 South,
 Bartow, FL



UPCOMING EVENTS

January

9	PCCA Board of Directors Meeting
18-19	Florida Cattlemen's Institute and Allied Trade Show
31	Beef Cattle Short Course Management Seminar 7:00-9:00 pm
30 -31	NCBA Convention Denver, CO

February

1-3	NCBA Convention Denver, CO
2,7,9,14,& 16	Beef Cattle Short Course Management Seminar 7:00-9:00 pm
3	Polk County Jr. Cattlemen's Meeting
23	Bartow's Taste of Agriculture

March

28-30	Reproductive Management School Bartow, FL
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This Issue:

- Annual Dinner Summary
- Nine Challenges Facing the Beef Industry
- Economics of Cull Cows
- Program Suggestions
- PCCA Directors
- Brands on Youth Fair T-shirts

Annual Dinner Summary

The Polk County Cattlemen's Association hosted its Annual Dinner on 17 November 2005 at the Agricultural Center in Bartow. The event was well attended with 195 cattlemen in attendance. The meal was sponsored by Ralgro and Merial representatives Greg Woodard and Tommy Martin respectfully. The dinner kicked off with a video highlighting the success of the Lightsey Cattle Company's award for Regional Environmental Stewardship. Jim Handley, Executive Vice President of the Florida Cattlemen's Association, and Larry Rooks, 1st Vice President of FCA were in attendance and gave a brief update on FCA and the statewide importance of Florida Cattlemen's Association membership. Dr. Robert Gukich won the annual bull drawing for the Brangus bull donated by Bill and Ann Adkinson of Oak Knoll Ranch. Being the supporter that he is he donated the bull back to the Association where it was then auctioned off and bought by Will Putnam of Putnam Groves. The Junior Cattlemen drew raffle tickets for the custom *Cracker Originals* whip donated by Ned Waters and Russell Evans of Polk City was the winner. There are more upcoming events and we hope to see all members there.

Nine Challenges Facing the Beef Industry in 2006

Source BEEF Magazine

By Troy Marshall

- Exports -- rebuild and regain our market share in lost export markets, while reducing market barriers and solidifying the U.S. position as the world's foremost supplier of high-quality, safe and wholesome, corn-fed beef.
- Continue to shift away from the commodity trap, and create marketing systems and avenues that allow us not only to consistently hit specific market segments and niches, but reflect these value differences through a revamped marketing system.
- Implementation of a national animal ID system.
- Be ready to face even more ferocious attacks from anti-beef advocates.
- Coping with a cattle-cycle phase where more beef tonnage will be available (even with exports and dry conditions offsetting the effects of expansion to a large extent).
- Fierce competition from competing meats.
- Higher fuel, transportation, energy and input costs.

There are two challenges, however, that overshadow all others and will be the keys to determining if the industry experiences a 2006 as prosperous as 2005. The industry seemingly has a clear vision and plan in place to expand on its success in the areas of demand and the business environment in which we operate, but we must watch these two key areas:

- The first key will be achieving industry unity and mobilizing the industry to move aggressively forward. This isn't the type of unity that eliminates disagreement but that embraces democratic methods of policy formation. It's a unity that allows producers to set aside minor differences on issues to focus on a larger vision and common purpose on which all producers can agree.
- The second key is to eliminate the zero-sum mentality that's crept into our industry. There's nothing more absurd than the zero-sum view of the world. It leads to the belief everyone must share the same view and operate under the same system, and that government is the tool to enforce that system.

How many of you produce a better product, have a more healthy resource base, enjoy a higher standard of living, and operate more efficiently than your grandfather did? We're producing a higher quality, more differentiated product, more efficiently than 20 years ago. We have better and more powerful genetic and animal health tools, better equipment and technology. It's a combination that gives us the tools to be stronger and better competitors. Yet, people say we can't compete globally. They say concentration, corporate feeding, multi-national packers, Wal-Mart, pork and poultry, Brazil and Australia will undo us.

We don't operate in a zero-sum world. The size of the pie isn't stagnant or, at least, it certainly doesn't have to be. Our responsibility lies in building a better future just as those who preceded us did.

As long as the majority continue to strike forward, those who advocate the demise of independence, freedom and free markets, and a shift away from entrepreneurship to government management, will always be held at bay. The fundamentals for the future of the beef industry are strong. If we embrace the future with a progressive and aggressive attitude focused on making the pie bigger, we can make it great.

A focus on protection, on stagnation, and the belief that in order for one to benefit another must sacrifice, is our only truly insurmountable obstacle.

Economics of Cull Cows

Source: BEEF Magazine

By Harlan Hughes

While most producers direct energy toward marketing steer calves, few do the same for marketing cull cows. Ten years of economic analyses for Northern Plains Integrated Resource Management Cooperator Herds, however, says marketing cull cows is an important profit component of any high-profit herd.

Cull-cow income typically makes up 10-25% of gross income generated by the beef cow profit center (Figure 1). Fact is, very few beef cow herds can generate a profit without generating some cull cow income.

Three primary factors determine the economics of culling cows:

- Why are cows culled?
- How are cull cows marketed?
- Are profit-enhancing, counter-cyclical culling strategies being employed?

Why are cows culled?

North Dakota has maintained the CHAPS (Cow Herd Analysis Performance System) database of beef cow herd performance since 1963. The five-year rolling average (1994-1998) of CHAPS herds shows a 16% average culling rate (13.17% standard deviation).

Ranchers mostly say they cull cows due to old age. But, the CHAPS database (Figure 2) suggests old age ranks second (2.3%), compared to open cows (5% of the herd).

Females most likely to be open are 2-year olds going on 3. Such females are still growing, producing milk for their first calf and trying to get pregnant. They typically just run short on groceries.

The third highest reason for culling females is to sell them as replacement breeding stock. Meanwhile, physical defects and inferior calves rank fourth and fifth, respectively. Less than 1% of the average herd dies annually.

The data suggest most females are culled as 3-5 year olds. Once a cow reaches 6, she tends to stay in the herd several more years. I guarantee when you cull females at 3-5 years of age, you've raised the unit cost of producing a cwt. of calf (UCOP) in your herd. Culling young cows due to being open or late breeding is a huge missed profit opportunity.

How are cull cows marketed?

How and when cull cows are marketed can significantly impact beef cow gross income. Cull cow prices tend to be determined by three economic forces: annual seasonal price pattern; carcass grade (Canner, Cutter, Utility and Commercial); and long-run price trends.

- Annual seasonal price pattern: Cull cow prices tend to go in cycles driven by and corresponding to the 10- to 12-year cattle cycle. Driven by general supply/demand conditions for ground beef, they tend to parallel feeder calf prices.

Figure 3 (page 10) presents the cyclical aspects of cull cow prices for several widely dispersed U.S. markets. All these markets experience the same general seasonal price pattern.

Cull prices tend to peak in spring and decrease substantially going into fall. November is typically the low-price month — and also the month most cows are culled and marketed. Astute marketers find ways to market cull cows at other times of the year.

- Carcass grade: The price of cull cows is based on their expected carcass grade (Canner, Cutter, Utility and Commercial). Dillon Feuz, University Of Nebraska economist, published a mid-'90s article on price differences between these cow grades at Sioux Falls, SD. Presented in Figure 4, Feuz concluded a price increase of 10-24% is generally possible by upgrading a low-grade cull cow.

About that same time a South Dakota State University feeding trial demonstrated how days on feed relate to market upgrades when feeding cull cows corn and corn-silage diets. They found cull cow carcass grades could be raised one carcass grade, and sometimes two grades. The conclusion: “depending on cost of gain, it may be profitable to feed fall and winter culls.”

- Long-run price trend: its imperative producers be familiar with the current long-run cull cow price trend and know if the trend is up or down. Cull cow prices, for example, have generally trended up since 1996. With the current beef price cycle having peaked, I expect cull cow prices to trend down the rest of this decade (Figure 5).

Take-home message

A common misconception is that one can make a profit from a beef cow by just selling her lifetime calves produced. It's not true. You also must consider the cow's salvage value to show a lifetime profit. Only by including a beef cow's salvage value in your analysis will she show a lifetime profit.

For those buying cows this year, take into account their cull values 6-8 years down the road. By using today's cull market price, you'll overpay for today's bred cows.

Problem is, many ranchers are using current calf and cull cow prices to justify today's high, purchased-cow prices — a sure recipe for a lifetime economic loss by the end of this decade. Future cull cow prices (Figure 5) must be considered in purchasing breeding animals.

Culling 15% of the herd each year of a 10- to 12-year cattle cycle isn't optimum. The optimum strategy is to build cow numbers when prices are low and sell bred replacement females when prices are high — such as right now. Doing this puts you in a counter-cyclical marketing strategy.

When your neighbors are selling cows, hold back heifers and build your cow herd. When you neighbors are buying cows, sell females and reduce your herd — even to the point you may have unused grass.

Money is being made in counter-cyclical marketing strategies. My high-profit IRM Cooperators taught me this in the 1990s.

Harlan Hughes is a North Dakota State University professor emeritus. He lives in Laramie, WY. Reach him at 701/238-9607 or harlan.hughes@gte.net.

Program Suggestions

Livestock Producers,

It is my desire to put in place some educational opportunities that will best fit your management program. Since everyone's management scheme is a bit different, I am asking that you provide me with some input as to what type of programs you would like to see. These programs can be as formal or informal as you would like them to be. I believe in trying to cater these programs to fit the producer and not trying to provide programs that are not interesting to Polk County producers. If you can think of anything that might be a potential program please let me know and I will try to accommodate those needs. I have included some contact information below so you can get these ideas to me. I hope everyone had a safe and wonderful holiday season, and I look forward to hearing your responses.

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The West wasn't won on salad, EAT BEEF!

2006 Polk County Cattlemen's Association Board of Directors

The 2006 PCCA Board of Directors are listed below. If you have any questions or concerns, please contact one of them for assistance.

President: Jimmy Allen
Vice President: Ned Waters
Secretary/Treasurer: Dennis Ford
Mike Fussell
Richard Persing
Alec Fulford
Al Bellotto
Robert Gukich
Bennett Flanders
Charles Clarke
Dewey Fussell
Mark Overstreet

**IF YOU ARE INTERESTED IN HAVING YOUR BRAND DISPLAYED ON THE
POLK COUNTY YOUTH FAIR WHIP POPPING CONTEST T-SHIRT
CONTACT NED WATERS @ (863) 537-4444**

THE COST IS \$50 AND IS USED TO BUY THE YOUTH PARTICIPANTS T-SHIRTS

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