

Cattle Prices Down, Cattle Numbers Down & Feed/Fertilizer Costs Sky Rocket

by Kim Watkins

The Ag-Economist is coming out in me. I spend an hour or two each week searching the internet for the numbers: number of cattle be sold in relation to the last few years, price of cattle over the last seven years, the current cost of grains and cattle (I visit the Chicago Board of Trade and Chicago Mercantile online weekly), and the cost of fertilizer. Then the final place to look at pricing as a wife and mother is the grocery store for beef prices. Two Certified Angus Beef Rib Eyes 1 1/2 inches thick in the reduced area were priced at \$25.00. How in the world with the cost of everything going up can a family of four justify purchasing ribeyes at that price if they are up against a wall. All of a sudden, "Beef, it's what's for dinner," might be out of the picture. I recently visited Cattle Fax's website. Cattle Fax is a publication for the commercial cattle producer. I found a current graph showing a 12 month pricing spread for cattle. Current cattle prices are down almost 22 cents from last year. Live Cattle Futures for the August '08 contract to day is \$101.50/cwt. So I asked myself the question, are the cattle numbers down and pricing down for producers based on increase expenses for feedlots and increase costs to consumers. The answer I believe is more due to feedlots increase feed expenses and trying to maintain current pricing to consumers. With the price of oil reaching new highs weekly the consumer is finding it harder and harder to make ends meet. Select cuts of beef are becoming out of reach for the average middle class family. Salaries in a time of inflation lag behind the rate of inflation.

So what does all this mean to the producer. They just can't make the money to stay in the beef industry. Producers with cow/calf operations are finding the cost to maintain improved pastures is impossible and still make money to cover fertilizer or produce hay. Producers that place stocker calves on winter oats in Texas sure can't afford the fertilizer and have enough gain on the calves to justify the additional cost. Even meeting rising property taxes in Texas with cattle on native pasture is becoming a problem. Of our various property tax evaluations arriving one showed the increase in percentage terms of Property Tax over the last five years, a 81.8% increase. So is the cattle industry in trouble. I don't think so at this point for the efficient producer. Two to three years ago, it was all about testing for tenderness and marbling markers via Bovigen or Igentity. The end of 2006 a shift started to occur towards feed efficiency in cattle when doing the genetic testing. Can the calf in the feedlot gain easily, can the cow and bull live off the available forage? For the efficient producers this must be answered with YES!

How is the beef industry going to survive. It's quite simple, reduce size and input cost of the herd per pound of beef produced. For the last ten years I've heard a quiet voice, 'Reduce the size of your cattle herd.' Two years ago at the Red River Classic Santa Gertrudis Sale hosted by Double TT Ranch, we ate lunch with Ervin Kaatz, Executive Director of SGBI, he was talking about how the size of an individual cow had to be reduced and feed efficiency increased to reduce costs to the producer. This month's issue of Santa Gertrudis USA (the association's monthly publication) contained not one but two articles on the benefits of reducing the size of ones cow herd. For us it was the validation that our Lowline crossed animals are of extreme

benefit to the commercial producer. A cow which is highly efficient on grass, calves easily, breeds back quickly and stocking rates on native pasture can increase. Result more pounds of beef produced per acre and more dollars in the pockets of commercial producers.

How in the world can we possibly reduce cattle size quickly. In the mid-eighties, bigger became better and we went to frame score 6 on our cows. We lost many maternal and reproductive abilities in cows. Never mind it took a lot to feed them. We came back down, it took almost five years to get the size reduced. Now with the national standard size between a 1250 and 1400 lb cow how in the world do I do this quickly. In three years the size of a commercial breeders herd can average 1100 lbs and wean between a 500-620 lb calf that brings five to seven cents more per pound, has increased feed efficiency on native grass, increase of 1.3-1.7 stocking rates over the larger animals and reduced cost in overall herd inputs. I point one to the Summer 2008 issue of the Lowline Ledger (breed publication) which can be found on the American Lowline Registry website (<http://www.usa-lowline.org/pdf/Ledger/Summer08Ledger.pdf>). On page 7 you will find an article by Neil Effertz the owner of EZ Ranch, owner of Auction Effertz, Inc. respected cattleman, auctioneer, original importer of the Lowline Angus into the United States. I urge you to read this article. Once you have read this article how will you not want to choose Lowline Angus bulls to improve your commercial herd. The choice to quickly meet the paradigm shift to more efficient sustainable beef system in the cattle industry is yours to make.

Written: 05/28/08