

COW/CALF CORNER

The Newsletter

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Drought and Herd Rebuilding in 2012

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Many producers in the Southern Plains are still in a holding pattern to see what they will be able to do this spring. There are several factors that will determine whether and to what extent herd rebuilding will begin this year. The first is, of course, whether drought conditions renew this spring. At the current time, much of Oklahoma has good soil moisture conditions. Temperatures are generally above normal and things will begin to green up soon with these conditions. However, typical strong winds are common and fire danger is running high as soil and vegetation dry out quickly. The next month will be critical in determining the potential for spring forage growth.

The next level of consideration is what forage growth will occur assuming that drought is not a limiting factor. The amount of forage damage from the drought last year is yet to be determined in many cases and will depend on a variety of factors including the location, type of forage and condition of the range or pasture going into the drought. There are indications however that there is significant death loss in forage, particularly farther west and in native pastures. The amount of forage production in 2012 is likely to be significantly reduced for one to three years and careful management will be needed to ensure recovery of pastures. Stocking rates will be sharply reduced and stocking seasons need to be carefully managed to avoid additional damage to pastures and ranges.

The final factor affecting herd rebuilding will be the economic and financial factors.

Replacement female markets in Oklahoma are still significantly below bred cow and heifer markets farther north. However, these markets are beginning to increase and may increase more sharply in the next 4-6 weeks if forage conditions look promising. A look at markets farther north is likely an indication of things to come in the southern plains. Markets for bred heifers and cows have been higher in the central and northern plains for some time. Recently, feeder heifer markets are beginning to show unusual but anticipated behavior. Several markets in Nebraska and South Dakota have recently reported heifer prices that are equal to or higher than prices for comparable weight steers. Market reporters are generally designating these heifers as replacements (though they are unbred and selling in feeder auctions) to distinguish them from feeder heifers destined for feedlots. In some cases these heifers for replacements are bringing up to \$20/cwt. higher than comparable weight feeder heifers. In at least one case, the market report is showing replacement heifers sold on a per head basis intermingled with normal feeder animals prices reported on a price per cwt. basis.

With favorable forage conditions, cow markets in the southern plains are likely to increase further. Cull cow markets will provide a floor for breeding female markets and cull cow prices continue to increase as well. Slaughter cows are already priced in the upper \$80/cwt range to nearly \$100/cwt at the upper end. Cull cow prices will likely average in the \$90-100/cwt. range in the next few weeks. Bred cow and cow-calf pair prices are expected to strengthen with weather being a determinant of how much strength is likely. Feeder heifers will likely be

increasingly dominated by the replacement value and will be priced closer to or perhaps above feeder steer values at times.

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