Master Cattleman Quarterly

Oklahoma State University

OQBN Releases PRECON Program to Add another Tool for Oklahoma Producers to Utilize

Gant Mourer, OSU Animal Science

In 2001, Oklahoma State University and the Oklahoma Cattlemen's Association came together and formed a marketing and value added beef network for Oklahoma producers called The Oklahoma Quality Beef Network (OQBN). The Oklahoma Quality Beef Network, at its base, is a communication and educational tool to increase opportunities and provide quality cattle to all segments of Oklahoma's beef industry.

Using OQBN as that communication tool, feedback from feedlots, packers and extension personnel was positive and they communicated that they needed cattle that could be managed in a way to increase feeding performance and more importantly health in the feedlot. The OQBN VAC-45 program was then developed. Cow/Calf producers had the opportunity to enroll in the VAC-45 program or another "branded" value added program if their calves were weaned for 45 days and met a handful of other management requirements. In 2012, OQBN VAC-45 calves brought $9.23/cwt more than similar cattle with no health history.

Recently, using OQBN to communicate with Oklahoma's producers, demand for a verified stocker program has been strong. Producers who put together cattle from many sources and have been meeting feedlot demand for healthy high quality calves for years, now have the option to verify those cattle through the OQBN PRECON program. The new program will allow producers to capitalize on premiums, and it allows for summer stockers as well as stocker cattle grazing wheat pasture to qualify. It may also offer opportunities for cow/calf producers during drought who are not ready to commit to rebuilding their cow herd but still have some early season grass available or producers out west where drought conditions persist with little native grass but with moisture could have wheat pasture next fall.

OQBN PRECON does not replace the VAC-45 program. It is just another option to provide quality cattle within the state. Again, other "branded" value added programs who meet OQBN PRECON requirements are eligible for enrollment. Once enrolled and cattle are verified by OSU Extension personnel, producers have the option to market cattle in OQBN sales that are meant to bring large numbers of similar type cattle together for buyers. If a producer has other avenues of marketing cattle then they will still have the verified status on their cattle aiding them in their marketing efforts.

To verify cattle with OQBN PRECON, cattle can be brought together from several different sources, not necessarily raised on the ranch of origin as is required for the VAC-45 program. However, cattle must be retained for a minimum of 60 days past the first vaccination (not 60 days from arrival) and cattle must be vaccinated with an IBR-BVD-BRSV-PI3, clostridial bacterin-toxoid and Mannheimia Haemolytic bacterin-toxoid upon receiving of cattle as well as boostered 14-21 days later. Cattle will also be castrated, dehorned and dewormed before verifying can be finalized. For more information and a full list of requirements please visit www.oqbn.okstate.edu , contact your local county extension educator or Gant Mourer at 405-744-6060, gantm@okstate.edu.

Vol. 19 June 2013

In this issue:

Oklahoma Pasture Rental Rate Update	2
Save the Date! Statewide Women in Agriculture & Small Business Conference August 8-9, 2013	3
The Likelihood of Positive Economic Returns from Value-added Calf Management Practices	4
45th Annual Beef Improvement Federation Research Symposium and Meeting, June 12-15, 2013, Oklahoma City, OK	5
Farm Bill Progress, Finally	5
Looking Toward Fall: Alternative Management of Cull Beef Cows	6
An Overview of Mineral Needs and Supplementation for Grazing Cattle	7
Oklahoma's 2013 Wheat Production Analysis (5/17/13)	8

Oklahoma Pasture Rental Rate Update

Roger Sahs, OSU Agricultural Economics

High feed and forage costs due to persistent drought conditions continue to hamper profitability within the livestock sector of the southern Great Plains region including Oklahoma. Despite recent forage production shortfalls, gains in pasture land rental rates and values on a per-acre basis have been observed. Will this strength continue? To help address this question, we will discuss recent agricultural rental rates in Oklahoma, an important indicator of relative land profitability.

Results of the OSU farmland leasing survey conducted with Oklahoma Ag Statistics in late 2012 illustrate some differences in rental rates by region and type of pasture (Table 1). Averages are shown in bold with the range in reported values below the average. Comparable 2010 rates are shown in italics. The state average rental rate for native pasture was $12.33 per acre per year with responses ranging from $3 to $37 per acre. This illustrates a wide distribution of negotiated rates associated with location, fencing, water, roads, hunting privileges or personal ties. The statewide average was up 6% from 2010. Native pasture rates varied from $8.76 in northwest Oklahoma to $14.20 in the north central region. It is suspected that very poor forage conditions in the northwestern sector of the state lowered grazing capacities to a point where per acre rental rates also declined.

The state average rental rate for Bermuda pasture was $18.64 per acre, up $2.03 (12%) per acre with responses ranging from $6 to $52. Rates were lowest in southwest Oklahoma and highest in north central Oklahoma. Pasture rates of other improved/introduced forage types increased over 20% statewide. In an environment of high grain prices, forage-based gains have added value especially as the quality/quantity of the forage base increases. One other item supporting pasture rents is that despite the fact the grazing capacities have declined due to the drought, cattlemen are scrambling for additional land just to maintain their remaining cow herd numbers. Unfortunately, even if the drought were to end quickly, it may be several years before stocking rates will return to pre-drought levels in many areas of the state.

Table 1. Average Annual Pasture Cash Rental Rates ($/acre).

	NW	SW	NC	E	State	2012 vs 2010
Native (range) No. of responses 2010 average	**8.76** (4-15) 57 *10.17*	**12.83** (4-30) 62 *11.04*	**14.20** (8-37) 42 *13.04*	**13.03** (3-33) 134 *12.76*	**12.33** (3-37) 295 *11.61*	+6%
Bermuda (range) No. of responses 2010 average		**17.91** (6-35) 26 *13.95*	**20.25** (10-40) 9 *19.42*	**18.56** (6-52) 81 *16.80*	**18.64** (6-52) 118 *16.61*	+12%
Other Pasture[1] (range) No. of responses 2010 average	**11.67** (6-16) 7 *n/a*	**19.15** (8-50) 10 *12.60*		**22.41** (5-60) 22 *25.31*	**19.41** (5-60) 40 *16.10*	+21%

[1]Other pasture types consisted primarily of Old World Bluestem and Fescue in the southwestern and eastern regions respectively.

Source: OSU CR-216

Oklahoma Pasture Rental Rate Update (cont.)

Pasture rental rates for small grain pasture on a gain basis were substantially higher than reported in 2010 (Table 2). However, on a per acre basis, rates appeared to decline for the winter grazing into grazeout period (November – May). A possible explanation is that since stocking rates were considerably lower in than conditions reported in 2010, cattlemen were less willing to pay premiums for forage production shortfalls on a per acre basis. Given the small number of responses, the estimate may not be reliable.

As we go forward, feed supplies, pasture conditions, water availability, and the cattle economy will all influence income expectations and subsequent pasture rents.

Summary

Along with agricultural real estate values, rental rates for pasture remain a hot topic in rural areas of Oklahoma. Pasture rents have risen steadily in recent years despite poor pasture conditions and concerns that these effects will linger into this summer and beyond. Whether you are renting land for yourself or renting pasture to others, knowing the market rates for your area is important. It is best for both parties (land owners and tenants) to agree to keep negotiated rates current and flexible enough to move appropriately as economic and forage production conditions change. And remember that written agreements are an asset to all parties to ensure that important issues are addressed from the standpoint of fairness. Sample lease forms are available on aglease101.org.

Pasture land rental information:

Ag Land Lease website: http://www.aglandlease.info

Kansas City Federal Reserve Bank: http://www.kansascityfed.org/research/indicatorsdata/agcredit/index.cfm

Oklahoma Cash Rents County Estimates: http://nass.usda.gov/Statistics_by_State/Oklahoma/Publications/County_Estimates/2012/ok_cash_rents_co_est_12.pdf

OSU CR- 216, Oklahoma Pasture Rental Rates: 2012-13. http://pods.dasnr.okstate.edu/docushare/dsweb/Get/Document-8705/CR-216web12-13.pdf

Recent Oklahoma school land lease auction information is available through the Real Estate Management Division of Commissioners of the Land Office at http://oklaosf.state.ok.us/~clo/.

Table 2. Average Annual Small Grain Pasture Cash Rental Rates ($).

Winter grazing (Nov-March) (range) No. of responses *2010 average*	**0.63/lb of gain** (0.30-0.95) 12 *0.39*	**34.42/acre/season** (10-68) 6 *25.28*
Winter grazing and– grazeout (Nov-Oct) (range) No. of responses *2010 average*	**0.64/lb of gain** (0.40-0.85) 9 *0.48*	**30.10/acre/season** (10-110) 33 *31.64*

Source: OSU CR-216

Save the Date! Statewide Women in Agriculture & Small Business Conference, August 8-9, 2013

The Oklahoma Cooperative Extension Service along with USDA's Risk Management Agency are pleased to announce the annual conference for women in agriculture and small business. The conference offers a variety of sessions to assist women and producers to successfully manage risk for their families, farms, and/or businesses. Also available to attendees will be informational booths, mini-mall vendors, breaks and lunches each day, and door prizes. The registration fee is $50 per person by August 1 or $60 thereafter. Please call Jennifer at 405-744-9826 or email jennifer.jensen@okstate.edu for more information. Check the Oklahoma Women in Agriculture and Small Business Page for a complete list of events at www.OKWomenInAgAndSmallBusiness.com.

The Likelihood of Positive Economic Returns from Value-added Calf Management Practices

Eric A. DeVuyst, OSU Agricultural Economics and Brian Williams

Programs such as the Oklahoma Quality Beef Network (OQBN) promote VAC-45 programs as value-add. But just how much value is added and how likely is a producer to realize added value? Research on OQBN and other VAC-45 programs consistently show sale price premiums from value-added programs, but little is available on the net economic returns from these practices and how likely a producer is to earn positive returns from adopting value-added practices. We recently completed a research study to look at these issues. Using data collected from 16 different Oklahoma sales, including OQBN and non-value-added sales from fall 2010, we estimated the premiums from various individual and bundles of value-added practices. These premiums are reported in Table 1. Sale price premiums are net of price slide effects. In our study, a 487# steer sold for $116.89/cwt. If preconditioned for 45 days with 2#/day weight gain, the steer would weigh 529# and sell for $113.98/cwt plus premiums for value-added practices. Premiums range from $4.86/cwt for weaning + vaccinating to $12.46/cwt for participation in a VAC-45 program with third-party verification.

We next assigned costs to each practice and bundle of practices including labor, death loss, supplies and medical, feed, and certification costs. We then computed the estimated average economic return to each practice and bundle of practices. These estimates are reported in Table 1. Returns ($/head) range from $20.32/head for vaccination alone to $69.16/head for certified VAC-45 participation.

We next estimated the probability that a producer would receive positive returns from engaging in various practices. One of the most frequent reasons that producers give for not adopting value-added practices is a perception that only a few large, reputation producers receive premiums and the little guy cannot compete. So, our analysis addresses this issue. Using the 2010 sale data, our estimates of the probability of receiving positive returns from these practices are reported in Table 1. These probabilities or likelihoods range from about 60% for weaned + vaccinated to about 79% for participation in a VAC-45 program.

We conclude that producers are likely to see positive economic returns from value-added practices with VAC-45 participation generating the largest average return of about $69/head with about 79% of participants receiving net returns greater than $0. Producers interested in learning more about should contact their county extension educator or visit the OQBN website at http://www.oqbn.okstate.edu/ .

Table 1. Estimated economic returns from value-added practices and likelihood of positive economic returns

Practice(s)	Sale price premium ($/cwt)	Net return ($/head)	Likelihood of positive economic return
45 days weaned	$5.23	$35.44	61.2%
Vaccination	$6.79	$20.32	61.4%
Dehorn/polled	$5.26	$23.35	56.3%
Wean+vaccinate	$4.86	$28.86	60.4%
Wean++dehorn	$8.78	$41.84	67.2%
Certified vac-45	$12.46	$69.16	79.3%

45th Annual Beef Improvement Federation Research Symposium and Meeting, June 12-15, 2013, Oklahoma City, OK

Megan Rolf, OSU Animal Science

Oklahoma State University, in collaboration with the Beef Improvement Federation (BIF), will be hosting the 45th Annual Beef Improvement Federation Research Symposium and Meeting. BIF is an organization dedicated to coordinating all segments of the beef industry, from researchers and producers to retailers, in an effort to improve efficiency, profitability, and sustainability of beef production. BIF was initiated almost 70 years ago to encourage the use of objective measurements to evaluate beef cattle. Continuing the tradition, BIF is now the clearing house for developing standardized programs and methodology for recording of performance data for all traits from birth weights to carcass traits. Their three leaf clover logo symbolizes the link between industry, extension and research.

The 2013 BIF convention will be held in Oklahoma City from June 12-15, 2013, at the Renaissance Hotel and Convention Center. It will be a forum bringing together industry professionals, producers, and researchers to discuss current issues facing the beef industry. The schedule boasts an interesting array of speakers, socials, and tours that promise to be exciting and informative. Special features include a night out at the National Western Heritage Museum and Cowboy Hall of Fame featuring live music and museum tours. We are anticipating a large turnout and hope that all of you will be there to promote the rich history and spirit of Oklahoma beef production.

You can see the schedule and register for the convention by visiting the Oklahoma State extension website (http://beefextension.com/Genetics) and using the BIF registration links. Registration is $300 and will be accepted either online or at the door. Rooms are available at the Courtyard Marriott by calling Jamie Harris at (405)605-7643 and asking for the BIF block. . We hope to see you there!

Farm Bill Progress, Finally…

Jody Campiche, OSU Agricultural Economics

In the past few weeks, significant progress has occurred on the 2013 farm bill. Both the House and Senate Agriculture committees passed a farm bill in May. The House passed the Federal Agriculture Reform and Risk Management Act of 2013 (H.R. 1947) and the Senate passed the Agriculture Reform, Food and Jobs Act of 2013 (S.954). In both bills, commodity producers have the option to choose between a price protection program and a revenue protection program. In addition, commodity producers have the option to enroll in a new supplemental crop insurance program. The livestock disaster assistance programs are also included and both the House and Senate have included coverage for 2012 and 2013 losses. Conservation programs are consolidated from 23 to 13 programs and the Conservation Reserve Program (CRP) acreage cap is lowered. A major difference between both bills is the level of cuts to nutrition programs. The Senate bill cuts a little over $4 billion from nutrition programs, while the House bill cuts $20 million. Of course, more work still has to be done before an actual farm bill will be passed. The bill headed to the Senate floor on May 20th and the House may take up the farm bill debate in June. After that, the bill will go to conference and the House and Senate will work out the differences and hopefully come to an agreement before the expiration of the 2008 farm bill extension on September 30, 2013. For more details about the farm bill, check out the following links:

House Farm Bill Information:

http://agriculture.house.gov/bill/discussion-draft-federal-agriculture-reform-and-risk-management-act-2013

Senate Farm Bill Information:

http://www.ag.senate.gov/issues/farm-bill

Looking Toward Fall: Alternative Management of Cull Beef Cows

Kellie Curry Raper, OSU Agricultural Economics and Jon T. Biermacher, The Samuel Roberts Noble Foundation

Many producers cull and market spring-calving cows immediately after fall weaning, when cull cow prices are usually lowest, but the consistent seasonality of cull cow prices may provide opportunities to increase cull cow salvage value by retaining them for delayed marketing (Peel and Meyer; Yager, Greer and Burt). Key factors in the profitability of delayed marketing of cull cows are retention cost (feed, labor, and other costs), weight gain, and cow health at culling.

In a study by OSU and The Samuel Roberts Noble Foundation, 162 cull cows over a three year period were assigned to either a native pasture or low-cost dry-lot retention program. Market value and retention costs were assessed at October culling and at one-month intervals from November through March. Cows retained in the dry-lot setting have higher gains, on average, than cows retained on native pasture, but cumulative feed costs also increase at a much faster pace (Figure 1).

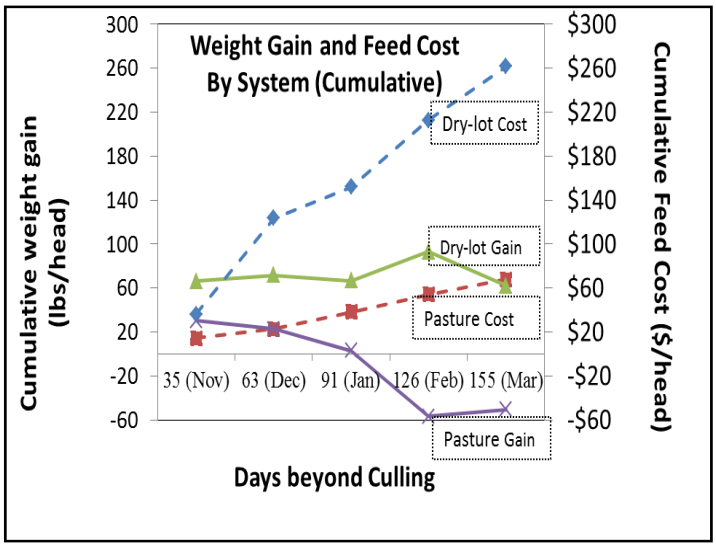
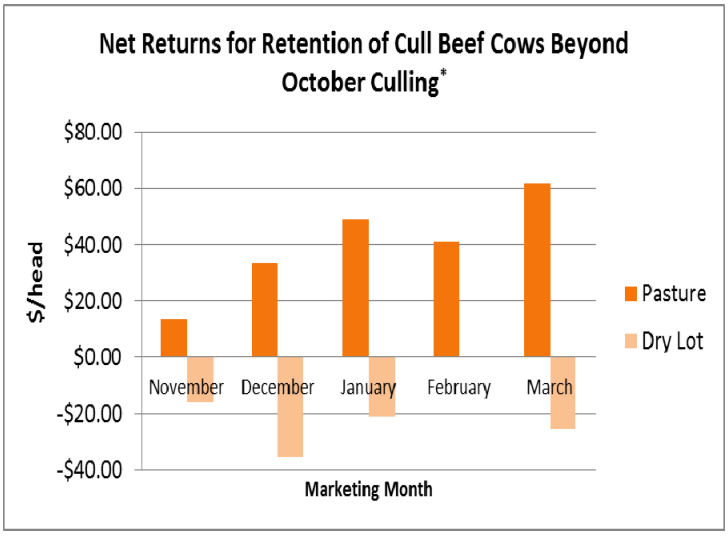


Figure 2 illustrates the return to producers as compared to revenue at culling. Results favor the lower cost, pasture-based feeding program with spring marketing over fall marketing. Gains from the seasonal price upswing compensated for the minimal (average) weight loss in pasture system cull cows, given the low retention cost, while the seasonal upswing in price coupled with weight gain was not enough to compensate for the high cost of retaining cows in the dry-lot system.



*Net returns calculated using 3 years cow performance data and an estimated price response function based on AMS price reports KO_LS155 and KO_LS795 for Oklahoma National Stockyards, Oklahoma City from 1992-2010.

Certainly, precipitation and other weather variables impact the availability of stockpiled forage in a pasture system, as well as forage availability during early spring green-up. Our results suggest that, on average, retention of cull cows beyond the culling period can add value to the operation. However, the decision should be one that is made year by year based on the producer's expectations of price movement, input prices and available resources.

References

Peel, D. and S. Meyer. "Cattle Price Seasonality." *Managing for Today's Cattle Market and Beyond.* 2002. http://agecon.uwyo.edu/RiskMgt/marketrisk/cattlepriceseasonality2002.pdf

Yager, W.A., R.C. Greer, O.R. Burt. "Optimal Policies for Marketing Cull Beef Cows." *American Journal of Agricultural Economics* 62,3(1980):1456-467.

An Overview of Mineral Needs and Supplementation for Grazing Cattle

Dave Lalman, OSU Animal Science

Table 1 shows average mineral concentration in four types of forages common to Oklahoma and compares these averages with requirements of growing cattle. These data represent forage mineral concentration when samples were harvested during mid-summer. Remember that forage will contain much higher concentration of most minerals when it is immature and rapidly growing compared to more mature, weathered forage. From these data, several general principles are evident relative to supplementing minerals to grazing beef cattle in Oklahoma.

Table 1. Average mineral concentration of common Oklahoma forages and dietary requirements of beef cattle.

	Forage Type				
Mineral	Alfalfa/ Clover[a]	Bermuda Grass[a]	Fescue[a]	Native[a]	Dietary Requirement of Beef Cattle[c]
Phosphorus, %	0.27	0.21	0.23	0.08	0.15 to 0.3
Sodium, %	0.08	0.04	0.02	0.01	0.06 to 0.08
Iron, ppm	198	114	110	190	50.0
Copper, ppm	12.4	6.3	5.0	5.7	10.0
Zinc, ppm	23	22.4	17.8	22.5	30.0
Selenium, ppm	0.3	0.15	0.09	0.21	0.10
Manganese, ppm	47.6	83.9	122	51.6	20.0

[a c] Adapted from NRC, 2000.

1. Almost all forage requires salt supplementation as a source of sodium.
2. Summer native range and prairie hay require phosphorus supplementation.
3. Most grasses common to Oklahoma are marginal to deficient in copper and zinc.
4. It is apparent that good quality legume-based forages require very little if any mineral supplementation with the exception of zinc and salt, depending on the amount of the type of hay provided in the total diet.
5. Fescue forage is usually marginal to deficient in selenium, while bermudagrass forage is marginal.

The most common method of providing supplemental minerals to cattle is through a protein/energy supplement or through a free-choice mineral supplement. Animal to animal variation in intake is greatest with free-choice mineral supplements. Some cattle consume no supplement while others may consume as much as four or five times the intended daily amount. This variation is reduced considerably when minerals are incorporated into protein/energy supplements that are provided on a regular basis.

It is important to monitor and record average daily intake of free-choice supplements so that the supplement formula can be adjusted if necessary to increase or reduce intake. Cattle will consume salt in excess. This is why salt is used as the base ingredient in free-choice supplements. Phosphorus and magnesium sources are unpalatable and may reduce mineral supplement consumption. When providing a complete free-choice mineral supplement, all other sources of salt should be removed from the pasture.

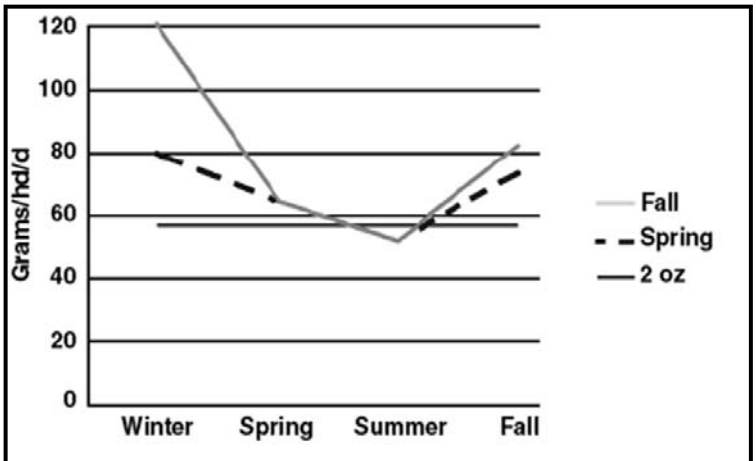


Figure 2. Average mineral disappearance by cow herd and season.

We have tracked mineral supplement disappearance (which is an estimate of intake) for both spring- and

An Overview of Mineral Needs and Supplementation for Grazing Cattle (cont)

fall-calving cowherds at the Range Cow Research Center, North Range Unit for several years. Average mineral disappearance by cow herd and season is shown in Figure 2. Lactating fall calving cows had higher mineral consumption during the winter months compared to dry spring calving cows during that same time period. Regardless of calving season, cows consumed more mineral during the fall and winter months with much lower mineral disappearance during the spring and summer. Be sure to track mineral consumption of your cow herd to see if long term (monthly) average intake is similar to the recommended consumption. With that knowledge and a visit with your nutrition consultant or feed manufacturer, you can make an informed decision relative to the need to encourage or discourage mineral consumption with salt or a highly palatable feed product

Oklahoma's 2013 Wheat Production Analysis (5/17/13)

Kim Anderson, OSU Agricultural Economics,

The USDA predicted Oklahoma's 2013 wheat production to be 114 million bushels (mb). I have not visited with anyone who thinks that Oklahoma production will be above 105 mb. The range of Oklahoma estimates have been between 74 and 105 mb. Texas at 54 mb may be too high and Kansas at 300 mb may be about right. Wheat maturity appears to be 10 days to 2 weeks behind normal. There may also be a problem of wheat in the same field being at significantly different maturity levels.

Corn producers planted a record 41.9 million acres last week which was 43 percent of the projected 97.3 million acres of corn. Some analysts predict that not all of the projected 97.3 million acres will be planted. Given that the USDA projects that corn ending stocks will go from 759 million bushels for the 2012/13 marketing year to 2.0 billion bushels for the 2013/14 marketing year. Average annual corn prices are projected to decline from $6.90 to $4.70. At this writing, the CBT December corn contract is $5.34 compared to the CBT Nearby contract high of $8.44 on August 10, 2012.

In the May WASDE report, the USDA projected a record 2013 world wheat crop (25.76 bb compared to 25.62 bb in 2011). 2013/14 wheat marketing year ending stocks are projected to be 6.85 bb for the world and 671 mb for the U.S. Both are below the five-year average ending stocks (6.96 bb world and 794 mb US). US wheat production may be below the 2.06 bb USDA prediction. Slightly lower than predicted production and below average projected ending stocks may imply that wheat prices need to be above average. The five-year Oklahoma average price is about $6.60.

Market Strategy

The market is offering about $7.30 for forward contracted wheat for June delivery. The five-year average June price in Oklahoma is about $6.40. During the last five years, Oklahoma June wheat prices have ranged between from $3.39 to $8.89. The five-year average June price spread (bottom to top price) has been $1.37. Prices can't be predicted. A sound marketing strategy may be "dollar cost averaging." Mechanically sell wheat between now, or start at harvest, and January 1. If you are concerned about lower prices, price 10 to 15 percent of your expected 2013 production.

Damona Doye
515 Ag Hall
damona.doye@okstate.edu

David Lalman
201 Animal Science
david.lalman@okstate.edu

MASTER CATTLEMAN
OKLAHOMA STATE UNIVERSITY EXTENSION

USDA
Risk Management Agency

Oklahoma State University, in compliance with Title VI and VII of the Civil Rights Act of 1964, Executive Order 11246 as amended, Title IX of the Education Amendments of 1972, Americans with Disabilities Act of 1990, and other federal laws and regulations, does not discriminate on the basis of race, color, national origin, religion, sex, age, disability, or status as a veteran in any of its policies, practices or procedures. This includes but is not limited to admissions, employment, financial aid, and educational services.