Dear Beef Producer,

**Educational Program Planned**

An educational program and Rowan Cattlemen meeting is scheduled for Tuesday, February 28 at 7 p.m. at the Rowan County Ag Center, 2727 Old Concord Road, Salisbury.

After someone made a really good suggestion, I’m working on getting someone to talk about any new laws regarding farm machinery, trucks, trailers, etc. It’s also getting a little closer to the time to start thinking about making replacement heifer selections and weaning. I’ve had some interest from several producers about replacement heifer rations and I’ll do my best to cover those topics.

We will begin the evening with a sponsored dinner at 7 p.m. Due to popular request, I’ll do everything I can to find beef brisket again.

Please call [704-216-8970](tel:704-216-8970) (please note the new phone number for Rowan County Cooperative Extension) by **Friday February 24** so I can get an accurate dinner count. **You MUST CALL IN TO RESERVE A MEAL, OTHERWISE, THOSE THAT CALL WILL EAT FIRST AND EVERYONE ELSE WILL GET WHAT’S LEFT.**

**Wisconsin Research Shows Net Wrap Makes Economic Sense**

From the July 19, 2005 eHayWeekly

Net wrap can improve net returns on large round bales, says Kevin Shinners, University of Wisconsin ag engineer. According to his report in the summer 2005 issue of the American Forage and Grassland Council’s *Forage Leader*, net wrap allows hay producers to wrap bales faster, reduce leaf loss during wrapping, give bales better water shedding ability and help reduce storage losses when compared to twine.

Net wrapping bales increased harvest productivity by more than 30 percent, as measured by acres baled per hour, in University of Wisconsin research. Net wrapped bales lost just seven percent of their dry matter during storage, as compared to a 20 percent loss with sisal twine and 11 percent with plastic twine.

Shinners notes that net wrap adds to the cost of the baler and that material costs run about $1 to $1.50 more per bale than twine. He says a typical producer making 150 acres of hay per cutting, and cutting three times per year, would have about $2,800 more net profit if they use net wrap vs. sisal twine. This net profit would be realized if the producer made 680 5’x6’ bales each year. According to Shinners, the net return advantage increases linearly as acreage increases.

The advantage of sisal twine is that it degrades over time and does not need to be removed before the bale is fed. Shinners says the most common reason for not adopting net wrap is the daily inconvenience of having to remove the wrap when hay is fed. He notes that, if a producer spent five minutes per bale removing and disposing of net wrap from 680 bales, they would invest 57 hours in additional labor each year feeding the hay. But, the improvement in their net return over using sisal twine would be the equivalent of $50 per hour for removing and disposing of the net wrap.
Preconditioning Weaned Calves Does Add Value
From the spring 2005, Commercial Brangus Edition

By Martha Hollida Garrett

Preconditioning can and does pay if producers take the time to apply a pencil to the practice. That’s the message Ron Gill, Extension Specialist with Texas Cooperative Extension Service, delivers to producers.

“The average annual return for a cow-calf unit is $40. With smart preconditioning, producers can add up to another $10 to that figure,” stresses Gill.

Gill explains the difference in preconditioning and backgrounding as the terms are often interchanged, even though they are two totally different practices.

“Preconditioning refers to the management period from weaning to the next phase of production and is the most stressful time in a calf’s life. This period can be from 45 minutes to 45 days. Backgrounding, on the other hand, refers to the process of getting them through the weaning time, putting the calf on a concentrate feed and delivering them to the feedlot. This period generally runs anywhere from 60 to 150 days. While the terms are interchanged often in the industry, they are not the same,” he says.

He warns producers that buyers do not like to buy just-weaned calves and that’s why preconditioning can work to their favor.

“It’s been documented over and over that fresh-weaned calves are very susceptible to sickness for up to 30 days. That’s why most preconditioning programs are set up for 45 days. When a calf is just-weaned, it’s under great stress and is very likely to get sick. Then if it’s taken to the local sale barn and co-mingled with other germs, it’s almost assured to get sick or sicker. Research shows that a lot of calves relapse in 21-30 days post-weaning to even make a bad situation worse. Buyers know this and that’s why they are willing to pay more for a calf that already knows how to eat and has this high-stress period behind them. Plus, the shrink on fresh-weaned calves is greatest if brought straight to the barn from the cow,” he explains.

Gill says that preconditioning does require more time and labor than just selling straight from the cow, and producers need to analyze those requirements prior to entering a preconditioning program.

“Many people think that you have to bring the calves in and keep them up for 45 days. If you’ve got grass, put them on it and supplement with feed just enough to teach to eat and utilize your pastures. I even recommend that you pen the cows for the first two-three days instead of the calves. This way, you are not changing their (calves) environment and again it lowers the stress,” he says.

Gill provided the following guidelines for producers considering a preconditioning program.

- Put a pencil to the costs you are going to incur.
- Provide adequate nutrition.
- Use appropriate vaccinations.
- Wean for an appropriate amount of time. Again, 45 days is the recommended period.
- Control costs, as feed is 60-75 percent of the total cost for preconditioning and $7 to $10 is the average cost for the health requirements.
- Aggressively market your product. Consider putting them in a program where the calves are co-mingled and managed alike. Be sure to let your sale barn operator know in advance you are bringing them these preconditioned calves and work at establishing an on-farm market where you have more than one day to sell.

On the flip side, Gill cautions producers of several “don’ts” to apply in preconditioning.

- Don’t believe everything you hear, good or bad, about preconditioning.
- Don’t be naive about the labor and facility needs.
- Don’t underestimate the ability of a fresh-weaned calf to escape and get back with it’s mother.
- Don’t think you can upgrade quality through preconditioning. Inferior genetics can not be overcome with 45 days of nutrition. Genetics should be your number one decision.
- Don’t spend more than you can possibly make. Don’t expect someone to pay more than its worth.
- Don’t use someone else’s figures. Establish your own budget.

Dr. Buddy Faries, Associate Professor and Extension Program Leader for Texas A&M Veterinary Medicine points out that weaning is traumatic to a calf and is one of the greatest stresses it undergoes. He encourages producers to castrate and dehorn before a calf reaches three months of age, so these things do not interfere with the post-weaning phase. He also says not to co-mingle calf groups from either inside or outside the herd.

“Preconditioned calves have the advantage in the market because the stress is reduced. They have also been taught to eat, shrink is reduced at the time of marketing, and their physical appearance has changed. They’ve lost that shiny haired, milk-fat look, which buyer’s hate, because they know the crash is coming from a fresh-weaned calf,” he says.

Gill says producers can expect $5 to $8 per head profit, on average, from preconditioning and even up to $10 per head.

Producers can look at it this way, Gill concludes, “you spend all year taking care of a cow/calf unit to clear $40. With preconditioning, you can add another $5 to $8 to that figure in just 45 days.”
I’m sure you’ve seen that Japan terminated their agreement with the United States to import U.S. beef in late January after a Japanese inspector found a load of veal to contain backbone. Somehow, the seller in New York and at least one United States inspector missed the backbone and consequently, has caused quite an uproar.

**Japan Awaits U.S. Report On Noncompliant Shipment**
From the February 7, 2006 Beef Stocker Trends e-newsletter

How soon will Japanese beef trade resume? The better question may be: how soon will the Japanese receive the information needed for them to make the decision?

Speaking to the subject at the Cattle Industry Convention last week, USDA Secretary Mike Johanns said, "We don't intend to sacrifice thoroughness in our investigation for speed."

He offered no potential timelines but said the agency is moving as fast as possible to figure out how a shipment of bone-in veal passed inspection in a U.S. plant for export to Japan. Johanns emphasized USDA is responsible for the error and it should have never happened. However, he also pointed out the error in question has to do with a specific agreement with Japan, not with the safety of U.S. beef.

"Both as a beef consumer, and as your Agriculture Secretary, I can tell you American beef is absolutely safe," Johanns said. "Not only is U.S. beef safe, I can report to you -- with a tremendous amount of data to back it up -- that the U.S. cowherd is healthy."

That may fall short of soothing the fears of Japanese consumers, however. Japanese media reps at the meeting said Japanese consumers are concerned by the report issued by USDA's Office of the Inspector General (OIG) last week. That report outlined USDA's shortcomings in its Enhanced BSE Surveillance program.

For instance, the report states: "We did not identify Specified Risk Materials (SRMs) entering the food supply. However, due to a lack of adequate records, we could not determine whether SRM procedures were followed and/or were adequate in 9 of the 12 establishments visited during the audit."

Johanns explained the OIG report is what the agency views as a "clean audit." When pressed for a definition, best as we can tell, that means USDA agrees with the OIG assessment and is working to correct the outlined deficiencies.

Earlier in the week, price projections presented by Cattle-Fax assumed beef would begin moving to Japan within two to four months.

While the Japanese saga continues to find new chapters, other trading partners are maintaining their progress in restoring normalized beef trade. Last week, Mexico expanded its U.S. beef imports to include bone-in beef from cattle 30 months and younger; only boneless beef had been allowed in. In addition, beef trade is now open with Hong Kong, Taiwan, Singapore and South Korea.

**Herd Expansion And Price Pressure**
From the February 7, 2006 Beef Stocker Trends e-newsletter

Cattle feeders, stocker operators, backgrounders and cow-calf producers should all experience slimmer operating margins during 2006 due to larger available beef supplies. Market cow and breeding cattle prices are expected to be mostly steady during 2006. However, conditions could change if the Southern Plains drought persists.

That's a summation of the market perspective Cattle-Fax provided at the 2006 Cattle industry Convention last week.

More specifically, 1 million or so more steers and heifers are expected to be harvested in 2006, pushing net beef production up by about 1 billion lbs.

Besides more cattle, cheap corn and heavier carcass weights have a way of doing that. According to Cattle-Fax, average carcass weights have been increasing 5.9 lbs./year over time. The increase was right at 10 lbs. last year.

At the same time, Mike Miller, Cattle-Fax director of research, points out wholesale beef prices are up 6-7%, while both wholesale pork and poultry prices are down 15-20% and 20-35%, respectively.

In other words, beef supply and the supply of competing meats are becoming the primary drivers once again, rather than demand.

"Beef demand has increased dramatically in the past several years," Miller says. "But, that doesn't mean U.S. consumers are eating more of it; they're paying more for it." Net beef supplies have remained fairly flat, while consumers have been willing to pay a higher price. In fact, on a retail-price basis, he says demand declined 1-2% last year.

*Continued on the next page.*
Herd Expansion And Price Pressure cont'.

That doesn't mean demand is poor -- it's still 25% higher than 2002 -- but such heady increases in demand growth can't rationally be expected over the next several years. It also means consumer expenditures for beef will likely decline, meaning retail beef prices should be flat or a touch softer through the expansion phase of the cattle cycle.

Consequently, Randy Blach, Cattle-Fax CEO, says, "I can't overemphasize the need to get our beef export markets back and get them back quickly."

If domestic consumption remains flat for the remainder of the decade, while the domestic population grows, Blach says the market can absorb another 1 billion lbs. of beef. It's the other 2 billion lbs. of beef production expected by 2010 that must be moved outside the country if market strength is to be maintained.

"If we don't get those markets back by then it would be like losing 10% of our demand," Blach says.

In terms of prices, Cattle-Fax predicts fed cattle will average $85-$87 in 2006 -- mid $90's at the spring highs and upper $70's for summer lows. He looks for feeder cattle to average $106-$108, which is $2 to $4 lower than last year -- from $105 at the spring low to $115+ during the seasonal high points. Calf prices are projected to trade in a range of $115- $135 during the year and average about $125.

As these numbers suggest, record price volatility is expected to continue this year.

"It doesn't mean we're going to have a train wreck, but we're past the best of the news in the cattle cycle," Blach says.

Brad Johnson
Extension Agent
Agriculture-Livestock and Dairy

BJ/ch