

Feeding Forum Preps

Speakers, panelists outline options for a brighter future in cattle feeding.

by **Steve Suther**, Certified Angus Beef LLC

Game changers occur every week or so in cattle feeding. That's why managers try to stay current on everything that affects their profit score. The eighth annual Feeding Quality Forum drew record attendance for a program of market analysis, technical and communication tips from feedstuffs to animal health and welfare.

The sessions Aug. 20 in Omaha, Neb., and two days later in Garden City, Kan., were sponsored by Certified Angus Beef LLC (CAB), *Feedlot* magazine, Purina Animal Nutrition, Roto-Mix and Zoetis.

For the past three years, lead-off presenter Dan Basse warned of higher-priced feed. Those days are over for the foreseeable future, the president of AgResource Co. said.

Notwithstanding short-term bullish corrections as heat and drought still pummeled the market, Basse said the long-term outlook pulls corn prices down because of accumulating stocks. Next year, corn may trade as low as \$3.25 per bushel, and not exceed \$6 for a decade.

U.S. corn has been too high to maintain exports, with Ukrainian corn 56¢ lower for the year. "Even Mexico is looking elsewhere," he said, noting record 2013 crop prospects for the Americas in most crops. That could



► The long-term outlook pulls corn prices down because of accumulating stocks, said Dan Basse of AgResource Co. Next year, he said, corn may trade as low as \$3.25 per bushel, and not exceed \$6 for a decade.



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pressure soybeans into single-digit prices in 2014, too.

With livestock numbers down and the biofuel industry just maintaining, "we don't need more land to feed the ethanol monster," Basse said. In fact, land values are in for a 5%-35% correction by 2018, driving significant acreage back to grass and forage.

That fits a bullish prediction for cattle: record-low fourth-quarter beef supplies and the lowest ending stocks in a decade. Basse looks for live-cattle futures to flirt with the \$140 level yet this year, with a \$144-\$148 range by second-quarter 2014.

"The market is trying to stimulate expansion," he noted.

Who will step up?

Oklahoma State University (OSU) livestock economist Derrell Peel built on that concept and addressed questions of who will step up. The average producer is more than 62 years old.

"There are hardly any commercial investors left, but the question of expansion is not one for the feedlot side," Peel said. "We've had chronic excess capacity for 50 years."

On the cow side, a lot of older producers will acknowledge the market signals all right; somebody should add cows. "But it's not going to be me, they're saying."

Since equity typically goes with age, the industry may see more long-term contracting or cow-herd lease arrangements in the years ahead, Peel added.

"We're smaller than we intended to be," he said, citing drought-forced culling of herds. "The economic motivation to expand has been with us, and we've been ready for four years. Now the question is how fast and how far can we grow?"

When everything lines up, perhaps very soon, "we may see heifer calves selling premium to steers," Peel said.

Alternatives to corn

For feedlots that find ways to fill pens, distillers' grains continue as a practical alternative to corn. Wet distillers' grains with solubles (WDGS) hold the greatest promise for finishing cattle, with feed value exceeding 130% that of corn at up to 40% inclusion.

That's according to Galen Erickson, University of Nebraska-Lincoln (UNL) Extension feedlot specialist.

Feeding cow-calf pairs in the feedlot can be cost-effective as long as cows can spend the winter grazing cornstalks or another cheap feed, said UNL's Terry Klopfenstein.

for Change



► David Bechtol, Canyon, Texas, was presented with the industry achievement award. Pictured are (from left) Rey Armendariz, Zoetis; Greg Eckerle, Purina Animal Nutrition; Larry Corah, CAB; Dr. David Bechtol, recipient; Greg Strong, *Feedlot* magazine; and Mike Hilderbrand, Roto-Mix.

“Wetter is better,” he said. But transportation costs add up, so one way to cut back is to extract most of the oil. Nebraska research has looked at the impact on feed value and found very little.

Feedlots may also fill some pens by taking in cow-calf pairs, noted UNL colleague Terry Klopfenstein. He summarized research with initial data showing the strategy is cost-effective as long as cows can spend the winter grazing on stalks or other cheap feed.

Those remarks led off a panel discussion in Omaha, while in Kansas that slot went to Pratt Feeders manager Jerry Bohn. He revealed preliminary results comparing cattle fed with and without shade in the feedlot, where performance was unaffected.

“In the packinghouse, however, a slight advantage in both dressing percent and quality grade went to cattle fed in the shade,” Bohn said.

Other panelists, including Industry Achievement Award winning veterinarian David Bechtol, Canyon, Texas, discussed health and feeding strategies.

Noting the industry often accepts a 1% death loss as normal, Bechtol said, “If it’s 2%, you need to fire everybody and start over.”

Preconditioning and direct shipping can help; his data show a dramatic reduction in death loss among Florida calves that bypassed the Mississippi auctions.

On the other hand, said Luke Larson of Ordway (Colo.) Feeders, “Ranch-direct calves



can get sick if we let our guard down.” He added that statistically higher death losses in recent years could be a factor of more days on feed, too.

On the Garden City panel, veterinarian Scott Crain, based in Meade, Kan., said drought likely plays a role. “It’s easy to forget, but the calf’s health starts in the womb,” he said. With stress for cow and calf alike throughout a season, immune systems fail to develop properly.

Consumer ties

Closing sessions looked at how the feedlot industry can better communicate with consumers, presented in Omaha by Janet Riley of the American Meat Institute and in Garden City by Temple Grandin of Colorado State University.

Riley said activists try to portray large-scale animal agriculture as faceless.



► Above: Temple Grandin said technology has allowed extremists’ voices to be heard more loudly, “but the general public’s viewpoint of farms and agriculture falls in between that of the producer and the activists.”

► Left: Nebraska research has found very little impact on feed value of extracting oil from WDGs to reduce transportation costs, shared Galen Erickson.

“They want the public to believe we don’t even have a soul,” she said. Several activists have become celebrity reporters with no pretense of objectivity.

The only way to overcome those tactics are to “become meat warriors,” but only through open and honest conversations. “Connect, communicate, inform and persuade,” Riley advised. “Never be dismissive; rather, be the rational, likeable voice that will inoculate them against the propaganda.”

Grandin said technology has allowed extremists’ voices to be heard more loudly, “but the general public’s viewpoint of farms and agriculture falls in between that of the producer and the activists.”

She suggested the use of animal welfare auditing programs with specific goals and measurements that can foster transparency for explaining the industry to consumers.

Just because an operation or an industry is large does not mean it causes animals unnecessary pain through how they are handled or what they are fed, she added. “I feel very, very strongly that we have to give them a life worth living.”

More information will be available in the weeks ahead at www.cabpartners.com.

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Editor’s Note: Steve Suther is director of industry information for Certified Angus Beef LLC.