



# Ridin' Herd

► by **Rick Rasby**, beef specialist, University of Nebraska

## Summer costs continue to rise

*Although calf prices have decreased some recently, cow-calf producers are still experiencing some good times economically. Widespread moisture would be nice to get the grass going in some areas and to help with drought recovery in others. Forage availability continues to be a challenge in some areas. Because of the high grain prices in the past, there were a lot of acres of pasture and hay converted to row crops. Even though grain prices have come down since those highs were experienced, very little if any of the pasture- or hayland that was converted to row crops has been converted back. As the beef cow inventory starts to rebuild in some areas, there will be challenges to meet the increase in forage demand. The cost of pasture continues to increase.*

### Pasture costs

Each year the Agriculture Economics Department at the University of Nebraska conducts a survey of Nebraska farmers, ranchers and landowners titled the *Nebraska Farm Real Estate Market Development Survey*. The survey results are printed in the *Husker Economics* and usually come out in late March.

They can be found on the University of Nebraska Agriculture Economics website <http://agecon.unl.edu>. From the Ag Economics home page, click on the "Publications and Resources" navigation bar that is located across the top of the page. In the drop-down menu, click on "Cornhusker Economics." Once on the Cornhusker Economics page, <http://agecon.unl.edu/cornhuskereconomics>, look for the article written by Jim Jansen and Roger Wilson.

The survey information is categorized into eight districts. The North district represents where the majority of the sandhills of Nebraska are located. The average rental rate for pastureland in the North district on a cow-calf pair basis is \$46.65 per pair [cows weigh between 1,100 and 1,300 pounds (lb.)], which is down 4% compared to 2014. The range in rental rates reported was \$41.65 to \$55 per cow-calf pair. Of the districts, this was the only district that reported a decrease in pasture rental rates.

The rental rate in 2015 is more than four times greater than that of the 1986 rental rates (\$11.30 per cow-calf pair). For a more recent comparison, the pasture rental rate in 2015 for a cow-calf pair more than doubled since 2000 (\$23.17 per cow-calf pair).

In the Nebraska Sandhills area, a typical grazing season is 5.5 months, but for easy figuring, let's use a six-month grazing season.



Six months of grazing in 2000 at \$23.17 per cow-calf animal unit month (AUM) would calculate to \$139.02 for a cow-calf pair. Using the 2015 numbers, summer grazing costs calculated to be \$279.90. Using the high end of the range of \$55 per cow-calf pair for a six-month grazing season, it calculates to about \$1.83 per cow-calf pair per day.

### Drylot beef cow-calf enterprise

The University of Nebraska is currently engaged in investigating alternative options to traditional cow-calf enterprises. The research is supported by the Ken and Caroline Eng Foundation. The premise is to research cow-calf enterprises that center around the large number of corn acres that are available in many Midwestern states. In addition, because of the low feeder-calf inventory (the lowest since the 1950s), there is excess bunk space in the feedlot industry. Could an alternative cow-calf enterprise be built using the extra bunk space in the feedlot industry?

In the Nebraska experiment, composite June/July-calving cows were drylotted for 365 days. This experiment is in its third year. Cows are limit-fed a diet of distillers' grains and crop residue (either ground cornstalks or wheat straw). The limit-fed rations meet the cows' nutrient requirements, but cows do not eat to their full capacity, which means that the ration is very nutrient-dense. The rations are about 19% crude protein and 80% total daily nutrients (TDN) on a dry-matter (DM) basis, but the level of DM intake varies depending on stage of production.

A supplement was fed that contained an

ionophore. The ionophore will increase the efficiency by which the ration is utilized by the cow and cow-calf pair. While consuming these rations, cows maintained weight and body condition when they were gestating and lactating. In addition, calf health was not compromised when calving in a drylot, and scours and respiratory disease were not a problem, at least in our experiment. From a cow and calf performance perspective, 365-day drylotting posed few problems that would not have been common in a more traditional range/pasture cow-calf enterprise. Before this experiment was started, our extension veterinarian designed a herd health program that fit young calves that would be reared in a drylot.

When drylotting beef cows, the greatest costs will be feed costs. The rations designed for the cows in this experiment are composed of crop residue (cornstalks or wheat straw) and grain byproducts. In 2012 and 2013, feed costs were high and it was expensive to drylot beef cows. There was a widespread drought in these years, which increased the price of forages, and grain prices were high; therefore, the price of distillers' grains was high. In 2014, the price for forages and distillers' grains was less, and the cost to drylot cows was less. In 2014, we priced dried distillers' grains at \$108 per ton and ground cornstalks at \$50 per ton. When including yardage, mineral supplement and miscellaneous costs, the cost to drylot cows was between \$1.65 and \$2 per head per day for the year.

More information on the drylot cow experiment is summarized in the 2014 and 2015 editions of the *Nebraska Beef Report*. The reports can be found online at <http://beef.unl.edu/reports>.

### Final thought

The reason for the discussion is that summer feed costs, in the past, were considered to afford the cheapest time to manage a cow and winter feed costs were always considered to cause the most expensive time period to manage a cow. Is that the case now? In addition, the cow-calf industry has experienced some of the most profitable times ever. It is hard to project what weaned calf prices will be in the fall. Cow-calf producers will need to continue to explore avenues to keep costs, especially feed costs, low and herds productive, especially in terms of reproductive performance.

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