

Animal Industry News Update

from the LCES Animal Science Specialists



Poultry (Dr. Theresia Lavergne) **The Meat and Poultry Industries are Important to the U.S.'s (and Louisiana's) Economy!**

Did you know that the U.S.'s meat and poultry industries contribute \$832.4 billion to the economy each year which is 5.8% of the total gross domestic product? And, the industries provide 6.2 million jobs with \$200 billion in wages and benefits. These numbers were reported in a recent study by the American Meat Institute.

The study also evaluated the indirect (fuel, machinery, packaging materials, sales, etc.) products and services to the industry that result in jobs and economic activities. They estimate that these indirect products provide 2.582 million American jobs and \$377.7 billion in American economic activity.

Furthermore, the personal spending by people employed in the meat and poultry industries is estimated at \$226.08 billion and produces 1.794 more jobs. The study also reports that these companies and their employees contribute to the federal, state, and local governments by paying \$81.224 billion in taxes annually. But, it does not end there – they estimate \$2.4 million is generated in state and local sales taxes from consumer purchases of meat and poultry.

The report states that, in Louisiana, the meat and poultry industries employ 25,300 people, and produce 42,700 supplier jobs. According to the study, the combined wages for direct, supplier, and induced (those that depend on sales to workers in these industries) jobs is \$1.841 billion in Louisiana. The total economic impact reported is \$7.55 billion.

Also, in Louisiana, these workers pay an estimated \$394.26 million in federal taxes, \$311.3 million in state taxes, and \$24.9 million in sales taxes.

This study illustrates the impact the meat and poultry industries have on the U.S. and individual state's economies. More information is available at

www.meatfuelsamerica.com

Positive Report for the U.S. Poultry Industry

The June 22 *Feedstuffs*, reports a 5.9% reduction in birds and a 6.1% decrease in chicken meat production. This has increased chicken prices by 6.5%. While the USDA predicts that chicken production will be down for 2009, they also predict production in the fourth quarter will exceed that of 2008.

Swine/Beef (Dr. Tim Page) **Show Pig Vaccinations**

Even though it is still summer time, you need to be planning for this fall's 4-H exhibitor show pig vaccinations. There are many aspects of the pig project that are important such as selection, facilities, nutrition, and water, but one of the most important is sometime overlooked. Proper vaccinations will lead to healthier pigs

and therefore a more enjoyable and educational experience for 4-H members. As agents, one of the most frustrating phone calls that you get concerns sick livestock projects. Vaccinating for the right disease at the right time can alleviate many of those phone calls.

Pigs should be vaccinated before they get sick from a disease. It normally takes about 2 weeks after vaccination for the pig to develop immunity. Some pig diseases should be vaccinated against (such as scours) by vaccinating the sow before farrowing. You cannot vaccinate against every disease. You can vaccinate against the diseases that our Louisiana show pigs are at high risk for. Remember, some diseases require a booster. Always read and follow the manufacturer's recommendation for administration and timing. As an agent, you should also develop a relationship with a local veterinarian. You do not have to call them every time an animal is sick, but it is really nice to be able to pick up the phone when you need help with a particular health problem.

Some show pig producers vaccinate their pigs before selling them to 4-H members. However, vaccines are relatively inexpensive and even though a breeder says that the pigs are vaccinated, 4-H exhibitors should revaccinate their pigs.

Louisiana show pigs should be vaccinated against the following diseases: Mycoplasma, mycoplasma hyopneumonia, haemophilus parasuis, parvovirus, erysipelas, and porcine circovirus associated diseases. Vaccines are available usually through your local veterinarian and/or feed stores. Some vaccines can be ordered online or by catalog. There are a number of reputable companies that produce quality pig vaccines such as Fort Dodge Animal Health, Pfizer, Elanco, and Scherring- Plough Animal Health.

Louisiana Calf to Carcass Program

If anyone needs the new Louisiana Calf to Carcass Program Packet, please let me know and I will be glad to get it to you immediately. The preconditioning sites this year will be Dean Lee Research Station, McNeese State University, Nicholls State University and the University of Louisiana at Monroe. We had over 600 head in the program last year and I am expecting around 400 head this year. All cattle in the program this year will be Source and Age verified. Producers will need to obtain a premise ID number from the Louisiana Department of Agriculture and Forestry. They can go online to do this. It is simple and it is free.

Animal Health (Dr. Christine Navarre) **Disaster Readiness Checklist for Beef Producers and Horse Owners**

- Herd health and vaccinations up-to-date
- Animal identification
- Health papers
- Prioritize herd for evacuation

- Records stored in safe location
- Evacuation plan
- Cash available for emergency purchases
- Stockpile food and water
- Emergency equipment and first aid supplies stored
- Partner with other producers/farms for evacuation space
- Coordinate plans with other local agricultural groups

Disaster Readiness Checklist for Dairy Producers

Farm Environment

- ✓ Do preventative trimming of trees around barns, driveway and fences
- ✓ Try to maintain as much free board in manure lagoon as possible to avoid potential overflow
- ✓ Have on hand 3 to 4 spools of barb wire plus 50 to 60 metal 'T' post to mend fence or to build a temporary fence
- ✓ Calf hutches that are not in use should be stacked together if possible or anchored
- ✓ Nail down all loose pieces of tin on barns
- ✓ Attach extra guide wires to augers on grain bins
- ✓ Have some extra tarps or shade cloth available in order to cover equipment if roof blown off or to provide temporary shade.
- ✓ Remove shade cloth from portable shade structures to prevent damage

Equipment

- ✓ Fill up all tractors, vehicles, generators and storage containers with fuel
- ✓ Service generator(s) and make sure they are operational
- ✓ Run the generator under a load for a couple of hours at least every two months
- ✓ Setup generator in place before storm
- ✓ If using a PTO-type generator, make sure the tractor being used has no fuel or oil leaks to prevent fire hazard

Feed and Water

- ✓ Have about a 2 week supply of all feedstuffs needed
- ✓ Have an emergency supply of water
- ✓ Put extra tires on top of silo to help hold down plastic
- ✓ Move round bales from low lying areas to an area that is readily accessible

Animals

- ✓ Evaluate herd health program
- ✓ Identify animals
- ✓ Move all animals to high ground if possible
- ✓ Remove calves from calf hutches made out of plastic or fiberglass if possible. If not anchor the hutches down
- ✓ Have a supply of intra-mammary mastitis treatment, broad spectrum antibiotics, electrolytes and calcium solutions, antiseptics, bandages, needles and syringes

Miscellaneous

- ✓ Have some cash on hand
- ✓ Work with milk hauler and marketing co-op to have the least amount of milk in bulk tank possible prior to potential hurricane
- ✓ Partner with other farms in remote areas for help

Dairy (Dr. Charlie Hutchison)

Milk Prices:

The class prices for July milk are: Class I at \$14.06/cwt, Class II at \$10.87, Class III at \$9.97/cwt and Class IV at \$10.15/cwt. Based on these prices and an estimate of the utilization in each class, the uniform blend price should be \$13.05/cwt + \$0.30/cwt. If this prediction is correct then for six out the seven months so far in 2009, the uniform blend price has been between \$12.47/cwt and \$13.22/cwt. with the only month above this price range being January at \$16.62/cwt which unfortunately could be the high for 2009.

The MILC payment for June will be \$1.84/cwt. The milk portion of the July MILC will be \$1.54 and with lower feed cost there may not be a feed cost adjuster for July which amounted to \$0.22/cwt for the June MILC payment. The milk portion of the MILC for August based on the Class I price of \$13.84/cwt will be \$1.64/cwt.

The Class III futures as of August 5th for the rest of the year and for the beginning of next year show very little relief in sight for the low milk prices being experienced this year.

Two recent events have given a glimmer of hope in helping raise milk prices in the near future.

On Friday, July 31st the USDA raised the floor price on nonfat dry milk from \$0.80 per pound to \$0.92 per pound, the price paid for cheddar blocks from \$1.13 per pound to \$1.31 per pound, and the price of cheddar barrels from \$1.10 per pound to \$1.28 per pound. This will increase the Class III price by \$1.80/cwt. which also will increase the Class I price. These increases are only for three months.

USDA estimates that the change in the dairy price support program will increase the all milk price received by dairy producers. The increase will result in the government purchase of an additional 150 million pounds of non-fat dry milk (NDM) and an additional 75 million pounds of cheese.

Cooperatives Working Together announced yesterday that it has tentatively accepted 294 bids in the third herd retirement it has conducted in the last nine months. The 86,710 cows and 1.8 billion pounds of milk accepted in this round, combined with CWT's previous two herd retirements, equal a total production capacity of 4.8 billion pounds of milk being removed since December 2008.

This is the second-largest herd retirement since the farmer-funded self-help program started in 2003. The previous retirement round completed in July removed a record 101,000 cows and 1.96 billion pounds of milk.

"These two summer 2009 herd retirements, combined with the USDA's recent price support increases, should result in very positive movement in dairy farmers' milk prices," says Jerry Kozak, president and chief executive officer of the National Milk Producers Federation, which administers CWT.

Farmers in 38 states submitted a total of 312 herd retirement bids last month to CWT. This eighth CWT herd retirement in the past six years was also the first to feature a maximum acceptable bid threshold of \$5.25 per cwt. It was also the quickest herd retirement following a previous round, which is an indication "that there is still an interest on the part of our members to use CWT to remove more cows, even though the program has been very active in 2008 and to date in 2009," notes Kozak. This round is removing 3,104 bred heifers.

Kozak adds that "CWT stands ready to conduct yet additional herd retirements later this year in order to help address the severe supply-demand imbalance that has depressed farm-level milk prices. We intend to use all the resources at our disposal to help farmers deal with this severe economic crunch that they're confronting," he says.

Dairy farming profitability improved slightly in July on declining feed costs, according to USDA's "Ag Prices" report released on July 31st. Corn dropped 70¢/bushel to \$3.33, the lowest in nearly two years. Soybeans dropped \$1.10/bushel to \$10.30. Alfalfa hay fell \$8.00/ton to \$120.00. Meanwhile the All-Milk Price held steady at \$11.30. This left income over feed costs (the All-Milk Price minus the cost of feed to produce 100 lbs. of milk) at \$4.45, up from \$3.51 in June.

The bottom line on farm profitability in 2009 - producers are getting paid \$1.00/gal for the milk they produce and the cost to produce a gallon of milk has been \$1.50/gal. I do not care what kind of farm management software program you have but a profit cannot be calculated with these figures.

Cow Numbers:

Producers sent 256,000 cows to slaughter in June, up 75,100 head (+41.5%) from a year ago, according to USDA's "Livestock Slaughter" report released on July 24th. Culling numbers were boosted by CWT's 7th herd retirement round. However, slaughter will be offset to an extent by a large volume of replacement heifers in the pipeline. Dairywomen had 3.9 million dairy replacements on hand at mid-year, the same number as in 2007 and 2008, according to the biannual "Cattle" report. This matches the highest figure of the last 15 years. There are 42.4 replacements for every 100 cows in the herd, up from 41.7 per 100 last year, USDA says. This ratio could be somewhat misleading due to producers going out on the CWT program but still retaining their replacements. Canadian dairy heifer imports have probably not been a factor in the size of the replacement herd since only 6,687 heifers have been imported in 2009.

U.S. cow numbers fell 86,000 head from a year earlier to 9.235 million head according to the USDA's "Milk

Production" report released on July 23rd. Cow numbers have fallen for six consecutive months. A seventh round of the CWT herd retirement program and continued low milk prices are the cause.

According to USDA's "Livestock, Dairy, and Poultry" report, the U.S. dairy herd is expected to decline by 1.5% in 2009 and another 2.6% in 2010. Yet some of the decline in milk production will be offset by higher production per cow.

Supply & Demand:

Total cheese production in June was 832.7 million lbs., up 2.0% from a year earlier according to the USDA's "Dairy Products" report released on August 4th. When converted to a 30-day month, daily cheese production in June was 23,333 lbs. higher than May. USDA also reported Cheddar cheese production was up 4.4%, butter production was up 7.5% while Italian type cheese was 2.0% higher.

Commercial American cheese inventories expanded by another 22.0 million lbs. in June, to 623.1 million lbs., according to USDA's "Cold Storage" report released on July 21st. This figure is 7% higher than a year ago. Total cheese stocks increased 13.2 million lbs. to 971.4 million lbs., the most since December 1984, when more than half the inventories were held by the government.

Privately held butter stocks increased by 13.0 million lbs. in June, to 266.3 million lbs. A year ago stocks were 258.4 million lbs., USDA says.

In the first five months of the year, commercial disappearance of cheese was up 1.2% from a year ago (all figures adjusted for leap day), according to USDA figures. American cheese use was up 4.0%, but use of other-than-American was down 0.7%. Butter consumption was down 3.0%. Domestic use was up 9.7%, while exports were down 79.5%. Commercial use of NDM/SMP was off 18.9%. Domestic use was up 12.2%, but exports were down 52.7%. Dry whey use was down 3.4% in the first five months of the year. Exports were up 15.9%, but domestic use was down 12.6%.

In the past month manufacturers sold just 4.4 million lbs. of NDM to the government under the support program. For 2009, CCC purchases have totaled 162.2 million lbs. USDA says it expects to purchase 150 million lbs. of NDM over the next three months under the new support level of 92¢.

Fluid milk sales growth slowed in the March-May period, according to Federal Order and California data. Sales during the three months were up 0.4% from the prior year, the smallest figure since last August, USDA says.

Golden Rules:

The golden rules for farm management and economics during times of low milk prices and high input cost are:

1. Never give up milk yield, unless it is profitable to do so or you are prepared to live with the consequences. The majority of the time, income will drop faster than

expenses. One pound of ration dry matter can cost 9 to 11 cents. One pound of dry matter above maintenance can support over two pounds more milk. Reducing one pound of dry matter saves 10 cents while losing 20 to 30 cents of milk income potential. Do not be penny wise and pound foolish.

2. Maintain milk components. Low milk components can reflect incorrect feeding program changes, impaired rumen function, and lost milk income potential. Also, changes in the ration formulation or feeding management resulting in little or no cost can boost components particularly butterfat resulting in more income potential.

3. Guard against feeding changes that can impact herd health or reduce reproductive efficiency of the dairy herd in the future. While lost milk yield and/or components may respond in several weeks after getting the ration corrected, getting cows pregnant, getting lame cows to walk or reducing somatic cell counts can take months to an entire lactation to improve or can lead to more involuntary culling.