

Back to Basics – Knowing what Traits are Economically Important for Cow-Calf Producers

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Over the last several years there has been an increased emphasis in the beef industry on the end product that we produce such as meat quality, meat tenderness, lean meat yield and other carcass traits. As a result of this focus on these particular traits along with the advent of carcass EPDs (expected progeny differences), commercial cow-calf producers have likewise placed a greater emphasis on these traits in their breeding programs.

While it is important to produce a beef product that is acceptable and desired by consumers, cow-calf producers need to not lose focus of what traits are most economically important. Numerous studies and economic analyses have been consistent over the years in prioritizing the most critical traits based on economic worth. The following are the three most economically important traits for cow-calf producers:

Reproductive rate

Maternal ability

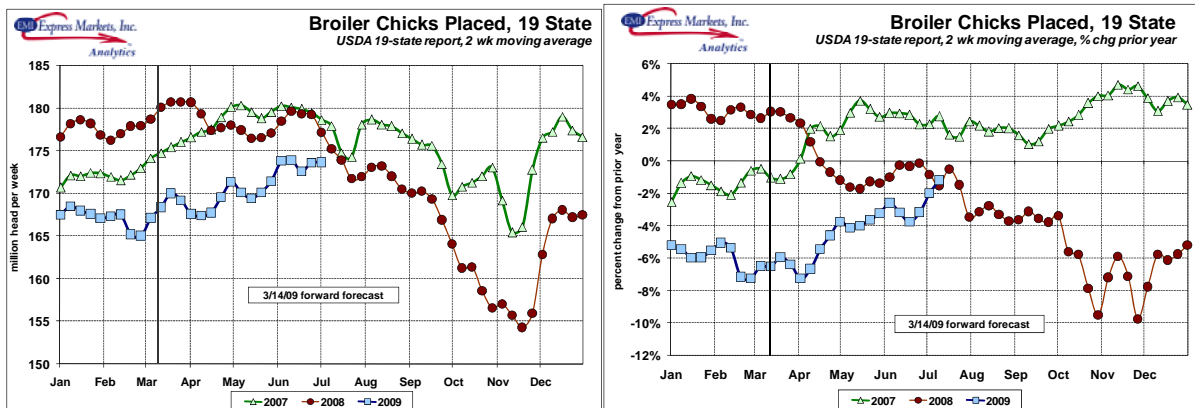
Weaning weight

By far the most economically significant trait is reproductive rate or percent calf crop. A cow herd that possesses high fertility under the environment it is producing in will usually be productive. Planned crossbreeding is the best means to effectively improve percent calf crop because reproductive traits are lowly heritable. Through the exploitation of heterosis as a result of crossbreeding, the crossbred cow should be a more fertile female. Additionally, the crossbred cow will stay productive longer in the herd.

Maternal performance which includes calf survivability (mothering ability) and milk yield is the second most important trait. Again, planned crossbreeding will most effectively improve maternal performance, particularly with regards to calf survivability. Lastly, weaning weight, which is a function of calf growth due to both genetics and milking ability of the dam, is the third most important trait. Progress can be achieved by selection for this trait because this is a moderately heritable trait. This is why terminal sires, which are noted for growth, are used extensively in the commercial cow-calf business. As a cow-calf producer, knowledge of what traits will most influence your pocket book should go a long way in achieving success for your business.

The monthly World Agricultural Supply and Demand Estimates were released on the 11th and contained some projections worth discussion. First, projected total red meat production for 2009 was increased 292 million pounds largely due to increased slaughter weights for cattle (262 million additional pounds) and hogs. The average dressed weight for steers through the first ten weeks of the year was 776 pounds in 2008 compared to 787 pounds this year (a 1.4% increase). However, total meat production for 2009 was decreased by 173 million pounds due to reducing broiler production by 1.1% from last month's forecast. Prices for broilers were largely unchanged (81-86 cents/lb) with choice Nebraska steers projected to average \$84-\$89 per cwt for the year, down from the February \$86-92 projection. Projected U.S. corn price was adjusted upward to a range of \$3.90 to \$4.30 a bushel reflecting forward contracting and increased ethanol production due to improved margins for ethanol producers.

For those interested, USDA National Agricultural Statistics Service release broiler hatchery data on a weekly basis and you can subscribe by email by visiting their website. Currently, Louisiana total broiler egg sets and broiler chick placements are provided individually along with 18 other states, but may change due to the Farmerville Pilgrim's Pride facility shutting down. Total broiler egg sets for the state are listed at 2.23 million but are subject to revision for the next several weeks. This is down from 3.47 million two weeks ago, due in part to the closing of the Farmerville facility. Broiler chicks placed has also declined to 3.196 million from 3.224 million since early February. Both egg sets and chicks placed are approximately 6 to 7% off of this time last year. EMI Analytics provided the charts below on broiler chicks placed nationally with their forecast of what will happen for the next several weeks. Notice the seasonal trend in the graphs that broiler placements are going to start to rise as the summer grilling months approach. While broiler production will be lower than last year, production levels should begin to rise in the next few weeks.



Continued good news for U.S. beef exports as January 2009 exports were up slightly from January 2008 with the value of those exports up 4%. Exports (and value of exports) did decrease from December to January due to a sluggish world economy. Broiler exports also remained strong showing a 33% increase from January 2008 to January 2009 and an increase of 18% month to month.

The National Animal Identification System (NAIS) and a ban on the use non-therapeutic antibiotics in livestock have been two potential policy changes that Congress has either had legislation introduced for or subcommittee hearings on recently. The subcommittee hearings on NAIS were simply a review of

existing systems. As for a dairy herd buyout, producers involved with the Cooperatives Working Together program have enough participation to assure themselves of a loan to complete another round of a dairy herd buyout. The dates for the buyout will not be released nor will how much milk (or dairy cows) is to be retired, but this could have strong price implications for cull cows if the buyout occurs in a relatively short time period due to an already strong dairy cow slaughter rate. Profitability in the dairy industry remains a concern in the industry and the buyout hopes to help decrease the excess supply of milk. The economic downturn has had a strong impact on demand for dairy products, specifically cheese used for pizzas.

Earlier today, the March *Cattle on Feed* report was released:

Cattle on Feed report summary:

	1,000 head	% of 2008	Pre-Report Estimates	
			Avg.	Range
Placed in February	1,678	97.4	101.3	94.0 – 106.5
Marketed in February	1,682	94.7	94.7	91.5 – 96.0
On Feed March 1	11,228	94.7	95.3	94.1 – 96.1

The report was pretty much in line with industry expectations, but the February placements may raise a few eyebrows. Although this number was within the range of industry guesses, the fact it was on the low end of expectations may help provide a floor for fed cattle prices as the supply of available cattle continues to shrink. Demand is an issue, but retail sales have been kept the protein industry from being in worse shape as consumer shop at their local retail counters as opposed to restaurants.

Cash cattle trade finished in the \$80 to \$81 range for live cattle and dressed prices were \$130. Trading was inactive this week until Thursday in Nebraska. Live cash prices improved this week to finish at \$83 in Texas, Oklahoma, Nebraska, and Colorado. Kansas dressed prices were \$131 compared to \$133 in Nebraska. Trading was listed as light in Texas, but with good demand; trading today was light in all other areas.

Estimated broiler slaughter improved 702 thousand from last week to finish at 157.179 million for this week. Cattle slaughter is estimated to be 615 thousand head for the week (down 8 thousand from last week) with hog slaughter estimated at 2.155 million head. Meat production is estimated at 486.1 million pounds of beef and 437.8 million pounds of pork.

Boxed beef cutout values fell again slightly this week. Choice cutouts averaged \$134.35 with select cutouts averaging \$133.93. The choice select spread has fallen the past three weeks from \$1.57 to \$0.42 this week.

Compared to last week's sales in Louisiana, slaughter cows and bulls sold \$1-\$3 higher. Feeder steers sold steady to \$5 higher. Feeder heifers sold steady to \$4 higher. All prices per cwt unless noted. Receipts for the week were 40% down from last week and 32% down from last year.

Table 1. Louisiana Auction Prices for the Week Ending March 20, 2009.

Weight	Steers	Heifers	Slaughter Classes	
200-250	\$120-160	\$100-120	Breaking	\$43-46.50
250-300	N/A	\$107-117	Boners	\$41-51
300-350	\$99-120	\$88-107	Lean (850-1200)	\$36-46.50
350-400	\$96-117	\$86-101	Lean (750-850)	\$36-41
400-450	\$96-115	\$84-101		
450-500	\$92-113	\$81-98	Bulls, YG 1-2, >1,500 lbs	\$54-63
500-550	\$84-105	\$80-92		
550-600	\$80-105	\$78-98		
600-650	\$78-95	\$80-87		
650-700	\$78-93	\$75-82		
800-900	\$75-78	N/A		

Note: All prices are in \$/cwt, steers and heifers are Medium and Large 1-2

Price ranges may reflect higher prices received in northern areas of the state in the middle of the week

¹ Represents the price was reported in hundred pound increments as opposed to fifty pound increment.

Source: USDA AMS

Table 2. Louisiana Auction Prices for the Week Ending March 13, 2009.

Weight	Steers	Heifers	Slaughter Classes	
200-250	N/A	N/A	Breaking	\$45-47.50
250-300	N/A	N/A	Boners	\$39-49
300-350	\$111-116	\$95-103	Lean (850-1200)	\$36-45
350-400	\$99-114	\$93-102	Lean (750-850)	\$29-41
400-450	\$102-112	\$87-99		
450-500	\$93-107	\$90-96	Bulls, YG 1-2, <1,500 lbs	\$48-51
500-550	\$91-101	\$84-93	Bulls, YG 1-2, >1,500 lbs	\$51.50-61.50
550-600	\$87-97	\$80-88		
600-650	\$81-93 ¹	\$75-85 ¹		
650-700	\$81-93 ¹	\$75-85 ¹		

Note: All prices are in \$/cwt, steers and heifers are Medium and Large 1-2

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Source: USDA AMS

Table 3. Futures Prices

Month	Live Cattle	Change*	Feeder Cattle	Change*	Corn	Change*
Mar			\$ 93.675	1.725		
Apr	\$ 85.200	0.550	\$ 93.775	1.725		
May			\$ 95.375	1.350	396 1/2	8
Jun	\$ 82.850	0.750				
Jul					407	8 3/4
Aug	\$ 84.075	1.175	\$ 98.225	0.875		
Sept			\$ 99.325	1.000	416	9 1/2
Oct	\$ 87.725	1.175	\$ 99.400	0.600		
Nov			\$ 99.650	0.850		
Dec	\$ 90.050	1.175			428	10
Jan			\$ 98.000	1.000		
Feb	\$ 91.300	1.325				

Source: DTN

* Change is from the previous Friday's close