

Cattle Business in Mississippi – January 2016
“Stocker Cents” article

Navigating tough waters

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As we begin a new year, excitement and speculation abounds. The close of 2015 was a tough one for the U.S. beef industry. The fall of 2015 saw drastic declines from the record high cattle prices we had experienced as of late. Those record high prices could serve to offset poor management practices, but lower prices mean tighter margins for cattle producers. Tighter margins make the beef business a little tougher for many producers. When navigating these waters it is important that producers pay close attention to costs, management, and marketing.

Production costs are closely scrutinized during times such as this, when feeder calf prices dip lower than they have in the past few years. While monitoring production costs are vital during any market condition, producers begin to actively search for ways to cut costs during tough market times. The first step to monitoring production costs is record keeping. Keeping accurate production and economic records starts with a good recordkeeping system. The old adage is true again in this case that you can't manage what you don't measure. Tracking expenses is key. There are several options available for sample budgeting and record keeping systems. Visit msucares.com/livestock/beef.

When analyzing production costs, it is important to consider the value that management practices add to a production system. For example, it is often tempting when budgets become tight to decide to cut costs by not feeding a \$20+ bag of mineral. However, this “savings” may end up costing valuable production gains and adding extra health expenses. Remember that while mineral needs may be trace, they have a big impact on numerous functions of the animal, in particularly growth and immunity. It may also be tempting to cut costs by reducing the preventative costs associated with a herd health program. Numerous vaccines can quickly add up, but remember that those vaccines are ultimately cheaper than the antibiotics that would be needed to treat any outbreak of disease. Remember to work closely with your veterinarian to design a herd health program specific to your operation's needs.

Good management practices continue to offer added value even in tough economic times. Practices such as castration and dehorning are well documented to add value to feeder calves. It is important to remember that these practices should be done early in a calf's life (3 months or younger) to allow the calf adequate time to recover before weaning. Preconditioning is another practice that continues to pay even in lower markets. Preconditioning offers the next phase of the production system a calf that is immunized and well prepared to thrive in a stocker or feedlot situation. Calves should be bunk broke and accustomed to drinking out of a water trough. Vaccination is another key component of a preconditioning program, and perhaps the most vital. It is important to vaccinate calves when their immune system is not compromised, and able to respond to the vaccine. Remember that the purpose of these vaccinations is to provide immunity to make the animal's immune system better equipped to fight off the disease when exposed in the future.

Marketing is a key factor that can add value and make tight budgets stretch further during tough times. Many cattle producers often overlook this aspect when thinking about how to sell a group of calves. If good and valuable management practices are used it is important that someone knows. This means that when choosing where to sell a group of calves that that sale or location is

aware of what has been done to the calves. Practices such as preconditioning cannot add value unless the buyer is aware and can be willing to pay a premium for these practices. Marketing can be as simple as calling the local sale barn manager the week before you plan to sell, and letting them know that you have a group of preconditioned calves coming to the sale next week. This allows time for the manager to make buyers aware, and generates more interest in these calves.

The economists paint a grim picture of the next few months, and indicate that there are still tough times ahead for beef and commodity markets in general. However, it is important to remember with good budgets, records, management practices, and marketing strategies, good producers can still come out ahead. We are still blessed to be able to be a part of this great business that is the beef industry, and beef producers are well equipped to navigate tough waters. Be sure to take advantage of the resources available from your local, area, and state extension specialists, from your local veterinarian, and from your fellow producers. I have no doubt that beef producers will navigate these waters well and come out with smooth sailing in clear water ahead!

For more information about beef cattle production, contact an office of the Mississippi State University Extension Service or visit <http://msucares.com/livestock/beef/index.html>