

COW/CALF CORNER

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Oklahoma Beef Cattle Producers Face Critical Decisions

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Oklahoma beef cow numbers fell a modest 1.3 percent in 2012 to 1.754 million head. USDA's Cattle report included revisions to the 2012 numbers which included increasing the January 1, 2012 estimate of Oklahoma beef cows to 1.778 million head. With these revisions, it now appears that the loss of beef cows in 2011 was 238,000 head, down 11.8 percent from the January 1, 2011 total. The latest inventory of beef replacement heifers were down sharply at 12.5 below the revised 2012 figure. The inventory of beef replacement heifers was 280,000 head, which represents just under 16 percent of the beef cow herd. This is the lowest replacement heifer percentage in Oklahoma in more than 20 years. Relative to the national numbers, it appears that Oklahoma managed to hold onto more beef cows in 2012 but kept fewer potential replacement heifers. This will affect how Oklahoma is poised for developments in 2013.

Critical drought conditions continue in Oklahoma, with the entire state in D2-D4 categories (Severe to Exceptional) on the Drought Monitor. 90 percent of the state is rated D3 or D4, Extreme or Exceptional drought. Mesonet data for Stillwater indicates that total rainfall for the 28 month period since October 2010 is over 31 inches less than normal. Total rainfall received is 62 percent of normal for the period and in the last 28 months, only six months have had average or greater monthly rainfall totals. Soil moisture is severely depleted across much of Oklahoma. Oklahoma entered this winter with 69 percent of pastures and ranges in poor or very poor condition. Total hay production in Oklahoma the last two years has been 63 percent of average leading to December, 2012 hay stocks estimates that are also 63 percent of average, the lowest state level since 1984. Most of Oklahoma has a Palmer Drought Index rating of -3 to -3.9 which indicates that 3 to 12 inches of rain are needed, depending on the location, to bring the index to a level of -0.5.

For many cattle producers, lack of water is a more critical factor than feed and forage availability. Dry ponds and cattle stuck in the mud trying to reach low water are two common problems reported across Oklahoma. Some producers that have been relying on rural water districts to water livestock are being restricted to household use only because of low water supplies in those systems. The stock water situation means that it is not merely a question of receiving rain soon but receiving the right kinds of rain to replenish water supplies. It will likely require 2-4 heavy rains in a relatively short time period to produce runoff to recharge ponds.

Many cattle producers are simply trying to hang on another 6-8 weeks to see if spring arrives and conditions improve at all. Some will have to make decisions before then and many more will soon thereafter. In Oklahoma, another significant round of cow liquidation can be expected in the April to June period if nothing changes. This means that producers may face some choices about how and when to market cows. For spring calving cows, which are about ready to calve, producers can either sell now as heavy bred cows, sell right after calving as cow-calf pairs or try to hold the cows until the calves can be early weaned. At the current time, the market for bred cows and cow-calf pairs is relatively soft. At the same time, the slaughter cow market is improving seasonally and is likely to increase more in the next month or so. Cull cows are currently about \$85/cwt. with a per head value of roughly \$1050. Middle-aged bred cows are mostly bringing \$1050-\$1200/head. Bred cow values are relatively low compared to slaughter cow values. Bred cow and cow-calf pair prices will likely remain soft and may weaken a bit more if drought persists and more producers are selling. The cull cow market is likely to hold stronger. This may make the early weaning option more attractive with the cows sold as soon as possible after early weaning and a chance to sell calves later. It means that cows will have to be retained longer until calves can be weaned which may require additional arrangements for water and feed for the cows until weaning as well as for the calves. This option will require more planning and management but may help producers avoid the worst possible outcome of selling into a weak breeding cow market. For fall calving producers, early weaning is easier but still means that a plan is needed for retaining the calves. It is important to plan now for the next 2-4 months.