

Maintaining Equity in Your Herd

Ideas to keep in mind when
herd rebuilding is on the table.

by Lynsey McAnally, associate editor

With the rise of cattle prices and moisture throughout portions of the country, some producers find themselves long on forage with the opportunity to increase their stocking rate or rebuild their herd. But one crucial component of maintaining equity in your cattle herd is to plan for the worst-case scenario and react to good fortune with a clear head.

Jason Smith, associate professor and Texas A&M AgriLife Extension beef cattle specialist, advises getting back to the basics as cattlemen look toward making potentially far-reaching management decisions.

“The cattle cycle is a simple, yet often poorly understood economic concept,” says Smith. “The best way to describe the cattle cycle is as a regularly occurring eight- to 12-year pattern of cattle prices. This event is driven by changes in cattle inventory and, therefore, beef supply.”

Diving deeper, high prices encourage producers to retain females and expand their herds, resulting in an oversupply of beef relative to demand. This influx of beef is then pressured downward by harvest capacity, causing cattle inventory to contract, price to increase and the cycle to start anew.

Restocking considerations

With cattle currently worth 1.5 to two

times their valuation from 2017 to 2021, producers located in areas with above-average rainfall for the year may be interested in restocking their herds. Smith advises cattlemen to consider the long-term effects of investments and suggests alternatives to make the most of increased forages.

“Restocking is often a knee-jerk reaction to favorable feeder-calf prices. While restocking may allow producers to participate in favorable cattle markets in the short term, it requires us to bear the cost of expensive replacements over the long term,” says Smith. “The duration of time in which we generally expect to experience those high feeder-cattle prices is only a small portion of the overall cycle.”

Purchasing lower-overhead females

One of the major opportunities to retain equity through the cattle cycle, according to Smith, is to build the herd during a weak market. Take advantage of low markets as an opportunity to build a cow herd with females that cost less than they would otherwise. The initial investment in that female will be far less if she is valued at a low point in the cattle market, rather than a high.

How does a producer responsibly take advantage of increased forages and high cattle prices, then? Smith advises flipping

the paradigm: Plan for the worst conditions and then react when they are improving, instead of the opposite.

“If we do that, we have more females who are in place, at a productive stage in their lifetime and can produce calves that can then be sold under more favorable marketing conditions. The challenge is that in certain parts of the country, many times it’s drought, which coincides with changes in the cattle cycle,” Smith says. “This strategy will only work if we can retain cows when other people are selling.”

Building drought tolerance

Increasing resistance to drought is one tactic that allows producers to capitalize on their investment in females when unfavorable forage availability might have otherwise forced a premature sell-off, thereby removing females from production.

“That’s where the three keys come together: how we manage our forages, how we manage our cattle and how we market the product we are producing. Disparity between cow nutrient requirements and forage nutrient supply is often driven by when we’ve chosen for our calving season to fall on the calendar,” Smith says. “When we bring our calving season more closely in line with forage nutrient supply, that minimizes the degree to which we have to supplement

nutrients and, as a consequence of that, we decrease our cost of production.”

Individual performance is key

Adopting gateway management practices provides us with the ability to take advantage of higher-level management strategies.

“Individual animal identification, recordkeeping and defined breeding seasons are great places to focus your attention.”

Smith says. “Their absence substantially limits a producer’s ability to make risk- or potential return-based management decisions at the individual animal level.”

While cows may be the attractive option for herd growth with many producers, retained or purchased heifer calves are another potential avenue for rebuilding.

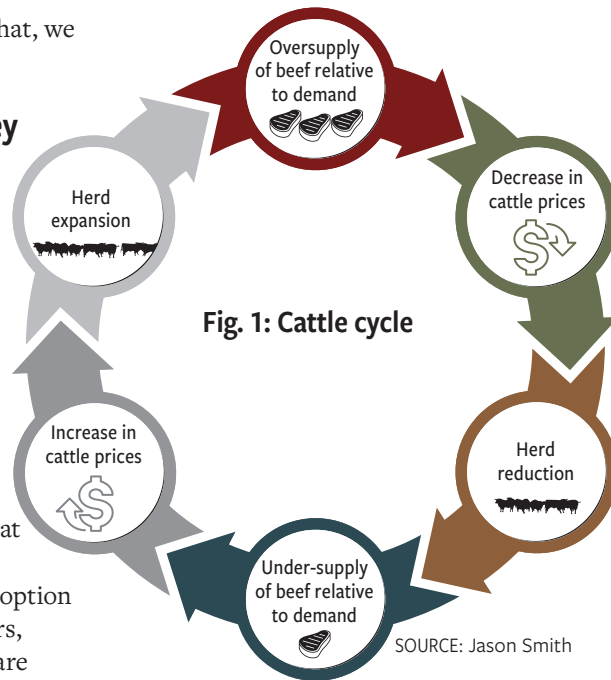
Smith advises choosing heifers who performed at an acceptable level as a calf, weren’t ill, began cycling at the beginning of the season, got pregnant within a short breeding season and calved by their second birthday. But even when meeting those criteria, heifers can present challenges.

“If we look at rebuilding a herd today with heifer calves we are going to retain as replacements, we’re not going to produce calves out of those females that will enter a feeder-cattle market for the better part of two years,” he says. “Looking at where we are now, we have maybe another year or two of upward movement in the market. If it takes more than two years to market a calf out of a female we’re looking at purchasing or retaining right now, we’ve already missed a large portion of that feeder-cattle market and we’re going to be selling a significant amount of her calves in a declining or low market.”

Female selection traits

In terms of the importance placed on individual traits within a herd, calving outside the optimal forage nutrient supply window is often overlooked.

While setting females up for success nutritionally is vital, producers should also hold those females to a higher standard from a management perspective. Above all, females need to wean healthy calves that meet your expectations year after year while



maintaining their body condition, needing little supplementation, calving unassisted and not sending anyone to the emergency room.

Disease concerns

Other considerations for restocking with females purchased from other areas of your state or the country at-large include being aware of potential diseases in your area, as well as conditions active near the location from which purchased animals originate.

“Regardless of location, health risks know no boundaries. If we have cattle coming from one location to another, there may be specific health concerns to be aware of. Conceptually, the risk of exposing naïve cattle to health risks they haven’t faced before can be catastrophic,” Smith says. “Anaplasmosis is a prime example. How much risk are we willing to shoulder when we bring new animals into the herd? How are we going to mitigate that risk? What can we do to minimize the risk of this opportunity doing more harm than good?”

Financial vs. production risk

Financial risk is discussed often, but something that influences that financial stake that isn’t often brought up is production risk. Production risk has a direct effect on financial outcomes. Working with your local veterinarian to develop a primary

herd health protocol is obvious. But bringing your veterinarian into the discussion of overall herd health and disease mitigation when purchasing additional breeding stock is just as important.

Smith also recommends caution regarding females of unknown origin or history. Aside from situations that require herd reduction, such as severe drought or liquidation, cull females are generally being culled for a reason and are not a solid foundation to build a long-term herd upon, he cautions.

Adding value to fewer pounds

While increasing drought resistance plays a large part in the longevity of herds during trying conditions, another potential strategy moving forward involves using the additional available forage to add value to home-raised calves that will then be marketed as feeder cattle. By weaning and preconditioning calves for 45-60 days, producers can take advantage of additional forages while potentially decreasing the cost of backgrounding their calves.

Producers might have fewer calves to sell this season, but opportunities still exist to fill a portion of the void left by fewer total pounds. Strategic supplementation decisions and making use of technologies such as ionophores and implants can have a large effect on a producer’s bottom line.

Considering value-added programs such as AngusLinkSM for calves sired by registered Angus bulls can amplify marketing opportunities and help producers ensure their investment in registered Angus genetics pays off on sale day.

Implement new ideas now

Regardless of the path producers take to manage their investment in their herd and mitigate risk, times of lower herd numbers are a prime opportunity to implement new management decisions, according to Smith.

“Currently, there are a number of operations who have experienced conditions which necessitated destocking. If those producers want to make a change, now would be the time to do that,” he says. “If someone is in a situation where their herd is far smaller than it normally would be, it’s going to be far easier to make meaningful management changes.” **ABB**