

Milk vs. Feed Costs

Rising costs drive need for optimal milk genetics.

Cow-calf producers face the continued challenge of rising feed costs, according to a recent study conducted by the American Angus Association.

“Our research indicates that combined pasture, harvested forages and other feed costs have been increasing at the rate of \$5 per beef cow per year since 2000,” says Sally Northcutt, genetic research director at the Association. “The typical U.S. cow-calf operation will spend \$35 more per cow in 2007 to meet herd nutritional requirements compared to what they spent at the beginning of the decade.”

A sizable increase, it underscores the need for producers to optimize cow size and milking ability according to their operation’s own feed availability and feed cost scenarios, she explains. Estimating industry average feed costs per cow was the primary objective of the Association’s analysis.

“We have now incorporated this updated feed cost information into our web-based Optimal Milk Module, which was originally constructed more than two years ago, when feed costs were lower,”

Northcutt explains. “This easy-to-use, interactive program is designed to help commercial producers identify Angus milk EPDs that are appropriate for their operations.

“Feed costs and the variability of feed supplies are important in determining the right milk level,” she adds. “The Optimal Milk Module uses this information to estimate the right milk genetics for each individual user’s herd.”

To quantify trends in national feed costs, Association staff evaluated more than 40 cow-calf enterprise budgets published between 1994 and 2006 by land-grant universities from 23 states. These budgets revealed that pasture and feed costs were on the rise well before expanding U.S. ethanol production sent shock waves through world grain markets last fall.

For example, in 1995, the average producer spent \$192 per cow on all sources of feed. Five years later in 2000, annual feed costs had risen to \$209 per cow. By 2005, expenses had increased further to \$234. The 2006 average jumped

to \$239. Extending this trend yet another year would push total feed costs to nearly \$245 per cow in 2007. Actual costs may be even higher due to the spillover effects of high grain prices on forage costs.

“Cost inflation is inevitable to some degree,” Northcutt points out. “Controlling expense as much as possible, especially feed expense, is a requisite to long-term success in the cow-calf business. You can’t simply shrug and accept the upward pressure in feed costs and remain profitable,” she says. “Each producer must find creative ways to combat these inflationary trends. Part of the solution is making sure your cows have the right mature size and milking ability for your environment.”

Producers in areas with less-reliable, higher-cost feedstuffs obviously need lower milk EPDs compared to those with lower-cost, relatively abundant feed supplies. The Association’s Optimal Milk Module takes this concept several steps further by providing specific milk EPD ranges tailored to unique herd environments.

“Finding the right level of milk for your individual cow herd is critical to profitability,” Northcutt emphasizes. “Milk production is a powerful trait that has a major impact on calf sale weights and calf crop revenue. However, lactation also requires large amounts of feed energy, so it is important each producer identify the right milk genetics for their own situation.”

Visit www.angus.org/tools/optmilk/index.html on the Association web site to access the Optimal Milk Module.

Editor’s Note: This article provided by the American Angus Association.

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