U.K <u>COOPERATIVE EXTENSION SERVICE</u> University of Kentucky – College of Agriculture

# OFF THE HOOF

Kentucky Beef Newsletter – November 2012

Published Monthly by Dr. Les Anderson, Beef Extension Specialist, Department of Animal & Food Science, University of Kentucky

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**Timely Tips** Dr. Roy Burris, University of Kentucky Beef Specialist

#### Spring-calving cow herd

- Extend grazing for as long as possible to decrease the amount of stored feed needed.
- Evaluate body condition of cows after weaning their calves. Sort thin (less than CS5) cows away from the cow herd and feed to improve their condition. Two and three-year olds may need extra attention now.
- Dry cows in good condition can utilize crop residues and lower quality hay now (but don't let them lose any more body condition). Save higher quality feed until calving time. Keep a good mineral supplement with vitamin A available.
- Culling decisions should be made prior to winter feeding for best use of feed resources. Consider open, poor-producing and aged cows as candidates for culling.
  - Replacement heifers require attention during the winter, too. Weaned heifer calves should gain at an adequate rate to attain their "target" breeding weight (2/3 of their mature weight) by May 1.
  - If you need to replace cows, consider buying bred heifers in some of the Kentucky Certified Replacement Heifer sales which are being held across the state this month.
  - A postweaning feeding period will allow you to put rapid, economical gains on weaned calves, keep them through the fall "runs" and allow you to participate in Kentucky CPH-45 sales. Consider this health and marketing program which is designed for producers which are doing a good job of producing high quality feeder calves.

#### **Fall-calving herd**

- Continue to watch fall-calving cows this month. Catch up on processing of calves including identification, castration and vaccinations.
- Vaccinate the cows while they are open and prior to the breeding season. Move cows to accumulated pasture or increase feed now.
- Start the breeding season about November 25 for calving to begin in September of 2013. If you are using AI and/or estrous synchronization, get your supplies together now. Don't forget Breeding Soundness Evaluations (BSE) on your bulls. Make final selection of replacement heifers now.

#### <u>General</u>

- Have your hay supply analyzed for nutritive quality and estimate the amount of supplementation needed. Consider purchasing feed now.
  - This is a good time to take soil tests and make fertility adjustments (phosphate, potash and lime) to your pastures.
- Don't waste your feed resources. Avoid excessive mud in the feeding area. Hay feeding areas can be constructed by putting rock on geotextile fabric. Feed those large round bales in hay "rings" to avoid waste.
  - This is also a good time to freeze-brand bred yearling heifers and additions to the breeding herd.
  - Graze alfalfa this month after a "freeze-down" (24 degrees for a few hours).

## A Paradigm Shift for Young Cattle Producers

#### Dr. Roy Burris, Beef Extension Specialist, University of Kentucky

A paradigm shift is a change in your way of thinking that doesn't just happen but is driven by agents of change. Young cattle producers will have to deal with these "agents of change" in ways that we could not have imagined a generation ago. In my opinion, some of these changes are in the areas of:

<u>Decreased use of grain</u>. This is a "game changer". I believe that, in the future, cattle enterprises will not be able to compete for grain. We will have more dependence on forages and by-product feeds. Cattle cannot compete with land-lease prices which are being paid by grain farmers and there will be more pressure to use grain for the rapidly increasing world population. Young producers might want to background cattle on forages and by-products so that they can spend less time in feedlots. We will need to select and manage cattle so that they can produce acceptable carcasses with less grain.

<u>Public perception of cattle producers</u>. Animal welfare has become the "battle cry" for people that oppose animal agriculture. We must not only continue to produce animals humanely but now we have to show and insure the consuming public that we do that. The "anti's" are not the consuming public. The "anti's" don't eat meat and they are not likely to change but we can't sit back and watch them destroy animal agriculture. What they seem to believe is that all sentient (anything that can sense pain) beings are equal to humans. How will you respond when you see yourself as "animal caregivers" but your way of life is attacked and vilified? You will need to work on this. Those attacks will probably continue.

<u>Dealing with science</u>. I know how some folks think that young farmers are "good ole boys" who like to be outdoors. Forget that. Good cattle producers will, in the future, have to have an understanding of science

that will go well beyond what you get in high school. You will need to have a working knowledge of, not just genetics, but genomics, nutrigenomics, etc. These things sound difficult but will help you take the guesswork, and some risk, out of cattle production. For example, we can determine the genetic make-up of cattle and select/breed for cattle that carry genes for desired traits. Or, we might be able to feed and manage cattle to regulate the genes that they have. For example, we might be able to "turn on" genes that control immunity prior to vaccinating and shipping feeder cattle by feeding particular forms of nutrients. This would have obvious health benefits. But...technology is only good if you know how to use it properly. Take every opportunity to learn new things.

<u>Financial management</u>. I would caution young cattle producers not to plan on mortgaging your parents' farm to get your start. Lending institutions do not want to have to foreclose on land and homes that have been in families for generations. That happened in the 1980's and was a public relations nightmare for them. You should be able to present a business plan and show that you can cash flow your operation. You have to have a viable business plan.

Finally, you will need to be savvy with new and emerging technology. Opportunities exist for those who adapt to change but doing things the same way as grandpa may signal an early exit from the cattle business. There will continue to be good opportunities for young cattlemen in the future. You will need to be up for the task.

## MAG-60 Update

#### Dr. Les Anderson, Beef Extension Specialist, University of Kentucky

To enhance the value of our feeder calves, UK, KBN, and the Agricultural Development Board has launched the MAG (Management And Genetics) - 60 (60-day postweaning) program. In this program, KBN partnered with beef producers to synchronize estrus in their beef females for timed insemination. Producers inseminated their females to a small, select group of sires that were proven in their ability to sire productive, profitable calves. The ultimate goal was to increase the market value of this set of feeder calves by enhancing their genetic ability to excel in the feedlot and on the rail.

The first sets of calves from the MAG-60 program are hitting the ground this month. Last fall, 2,674 females were bred to one of 20 sires. Last spring, over 4,972 females were bred in the MAG-60 program. Steers sired by AI will be managed according to CPH health requirements and will be backgrounded for a minimum of 60 days postweaning. The calves will be age and source verified, thus, we will be marketing feeder steers that are age, source, and genetically verified for superior performance. Feeders produced in this program will be co-mingled by our marketing agents and marketed either in CPH-like feeder calf sales, video sales, or directly to feedlots. Our current plans are to video and weigh the calves on each farm by the end of April 2013. A MAG-60 video auction will then be conducted in May or June of 2013. Calves will then be delivered to collection points for transportation to the feedyard. Although some producers will likely chose to retain ownership, we feel that most of the MAG-60 calves will be sold in the video auction.

This fall marks the final breeding season for MAG-60. We are currently looking for producer's interested in participating in MAG-60. Bulls that will be used for AI this fall include: from Select Sires, GAR Predestined (AN), Counterpart (AN), Free Lunch (CH), Durango (HE), and Rookie (SM); from ABS, New Standard (AN), Foresight (AN), Gridmaker (CH), Ribeye, (HE), and Combination (SM); from Accelerated Genetics, Fast Track (AN), Total Impact (AN), Platinum (CH), On Target (HE), and Manifest (SM); and

from Genetic Horizons Right Answer (AN), Tokach Update (AN), Bluegrass (CH), Revolution (HE), Dew Time (SM).

For more information regarding the MAG-60 program, contact Mr. Land Dale or Mrs. Becky Thompson at KCA (859-278-0899) or Dr. Les Anderson at 859-257-2856.

## Winter Backgrounding Opportunities

Dr. Kenny Burdine, Extension Specialists in Ag Economics, University of Kentucky

Kentucky calf prices appear to have decreased in the last few weeks as we approach winter and start to see larger calf runs. Feed prices have also softened over the last month or two and may be providing some opportunities for winter backgrounders. The purpose of this article is to examine potential returns to winter backgrounding programs.

At the time of this writing (October 25, 2012), spring feeder cattle futures were trading in the low-mid \$150's. As winter backgrounders consider purchasing calves today, they should be looking at these feeder cattle futures contracts for some sense of likely feeder cattle prices in the spring. A futures price in the \$150's suggests a likely Kentucky price for 850 lb steers in the low \$140's come spring: a likely sale value of \$1,190 (850# x \$1.40). This should be in the back of producer's minds as they bid on calves this fall.

There is always a great deal of variation in calf prices, but sales during the first half of the week (October 22-26) suggested that Medium-Large Frame #1 550 lb steers sold in a range of \$135 to \$155 per cwt. It is very likely that a good group of 550# steer calves could have been put together for \$150 per cwt. If so, the purchase price per head would have been around \$825 (550# x \$1.50). Based on current calf prices and spring futures prices, the market appears to be offering a gross margin (expected spring feeder value minus calf purchase price) of around \$365 per head (\$1,190 minus \$825). As backgrounders consider placing calves right now, they should be asking themselves if they can make an acceptable return with a gross margin of \$365.

Next, let's consider the likely costs of wintering these calves from now until spring. The largest and most obvious cost is feed. Many producers have silage available to feed this winter, while others may be purchasing any number of feeds. We will look at two potential feeding programs, but there are an unlimited number of possibilities. One will primary use drought stressed corn silage and DDG's. The other will use a combination of grass hay and a 50/50 corn gluten/soy hull mix with half the diet coming from each source. Both are targeted for about 2.5 lbs per day ADG, which means 300 lbs can be put on in approximately four months.

In terms of costs, drought stressed corn silage was valued at \$40 per ton, DDG's were valued at \$325 per ton, grass hay was valued at \$80 per ton, and the corn gluten/soy hull mix was assumed to cost \$260 per ton. All non-feed costs were assumed to be the same for both programs. Health costs were assumed to be \$20 per head, commission was set a \$15 per head, and transportation was set at \$6 per head. An interest charge of 4% is included and death loss is assumed to be 2%. Of course, all these prices and costs will vary by location and operation, so readers are strongly encouraged to make individual estimates. Estimated budgets for the two programs can be found in tables 1 and 2.

Sales	# units	unit	price / unit	total
Feeder	850	lbs	\$1.40	\$1,190.00
Expenses				
Stocker	550	lbs	\$1.50	\$825.00
Silage	5,520	lbs	\$0.02	\$110.40
DDG's	360	lbs	\$0.16	\$58.50
Mineral	0.25	lbs / day	\$0.40	\$12.00
Vet / Med	1	head	\$20.00	\$20.00
Commision	1	head	\$15.00	\$15.00
Hauling	1	head	\$6.00	\$6.00
Interest	4%	rate		\$13.49
Death loss	2%			\$16.84
Total Expenses				\$1,077.23
Return to Land,	\$113			

Table 1. Winter Backgrounding Budget – silage based

Table 2.	Winter Backgrounding Budget – commodity based	l
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Sales	# units	unit	price / unit	total
Feeder	850	lbs	\$1.40	\$1,190.00
Expenses				
Stocker	550	lbs	\$1.50	\$825.00
Нау	1260	lbs	\$0.04	\$50.40
Hulls / gluten	1,260	lbs	\$0.13	\$163.80
Mineral	0.25	lbs / day	\$0.40	\$12.00
Vet / Med	1	head	\$20.00	\$20.00
Commision	1	head	\$15.00	\$15.00
Hauling	1	head	\$6.00	\$6.00
Interest	4%	rate		\$14.09
Death loss	2%			\$16.84
Total Expenses				\$1,123.12
Return to Land, Ca	\$67			

As can be seen in tables 1 and 2, based on the assumptions outlined previously, utilizing drought stressed corn silage valued at \$40 per ton appears to offer greater profit opportunity that purchasing corn gluten and soy hulls at \$260 per ton and utilizing grass hay valued at \$80 per ton. However, even in situations where

silage may not be available or operations may not be set up to utilize it, significant profit opportunity likely exists based on a future's based price estimate and the current fall calf market. As was mentioned earlier, these are only two potential winter programs and producers should consider other opportunities that might make sense for them.

Of course one of the key assumptions in tables 1 and 2 was the expected price of feeder steers in the spring. This price is subject to change and has the potential to greatly affect expected returns. So, winter backgrounders should also explore opportunities to manage downside price risk through futures and options markets, LRP insurance, and other strategies. While opportunities to make money exist, price risk is also prevalent and preserving some of those expected profits should definitely be a management goal. (Kenny Burdine)

## Mycotoxins and their Effects on Cattle

## Dr. Michelle Arnold and Dr. Cynthia Gaskill, University of Kentucky Veterinary Diagnostic Laboratory

Mycotoxins are naturally occurring compounds produced by fungi growing on plants in the field or during storage periods. Even though toxigenic molds may grow under a given set of environmental conditions, they do not always produce mycotoxins. However, under the right conditions, mycotoxins can be generated fairly rapidly in the field or in storage. Mold identification can provide a direction to test for potential mycotoxins but does not confirm the presence or identification of a mycotoxin. Most mycotoxins can remain stable for years in feeds, and many survive ensiling and food processing. They can be concentrated several-fold in cereal by-products and typically concentrate threefold in distillers coproducts.

Aflatoxins can occur before harvest on starchy cereal crops (corn, cottonseed, and peanuts) or after harvest on stored commodities. Strains of *Aspergillus flavus* mainly produce aflatoxin B1, which is considered the most toxic and carcinogenic (cancer-causing) of the aflatoxins. Aflatoxins are potent liver toxins (hepatotoxins), immunosuppressants, carcinogens, and mutagens, and can cause important public health problems. For these reasons, many governments regulate the allowable concentrations of aflatoxins in animal feeds, human foods, and fluid milk. The FDA limits the amount of aflatoxin that can be found in lactating dairy cow feed to 20 ppb and the aflatoxin metabolite M1 to 0.5 ppb in milk. The level of aflatoxin allowed by the FDA in feed for non-lactating, breeding beef cattle is 100 ppb while feed for feedlot cattle may contain up to 300 ppb.

The clinical signs of aflatoxicosis are somewhat vague and become more pronounced at higher dietary levels (>500 ppb) and/or prolonged periods of time exposed to the contaminated feed. All animals are susceptible to aflatoxins, but the sensitivity varies between species. Young animals and monogastrics are more at risk for toxicosis. Signs in ruminants include:

- 1. Decreased performance
  - a. Reduced appetite, reduced feed efficiency, reduced weight gain
  - b. Reduced milk production and potential for illegal milk residues
- 2. Signs of Liver Damage
  - a. Increased hepatic enzymes and bilirubin on serum chemistries
  - b. Prolonged clotting times (hemorrhage/nosebleeds)
  - c. Icterus (jaundice)
  - d. Neurologic signs including depression, lethargy, ataxia (staggering), circling, recumbency
- 3. Reduced immune competence
  - a. Vaccine failure or poor antibiotic response

- b. Decreased cell-mediated immunity, cytokine production, and nonspecific humoral factors such as complement, interferon, and some bactericidal serum components.
- 4. Abortion
  - a. May cross the placenta and cause damage to fetal tissue
- 5. Death

Aflatoxin  $M_1$  is the major excretion product in urine and milk and can be monitored for exposure. Aflatoxin  $M_1$  appears quickly in milk and excretion in milk varies with animal species, individual, lactation status, and number of milkings after exposure. The dietary threshold for cows to excrete aflatoxin in milk is approximately 15 ppb; lactating cows consuming a diet with 20 ppb or less excrete less than 0.1 ppb in milk (US Food and Drug Administration [FDA] action limit is 0.5 ppb in milk). Aflatoxin M1 becomes undetectable in milk 2-4 days after aflatoxin-contaminated feeds are removed from the diet.

Veterinarians and nutritionists need to consider multiple sources of aflatoxins in rations and evaluate commodity storage conditions on the farm. In one field case, young calves (300-450 lbs) fed corn, whole cottonseed, gin trash, molasses, and mineral for several months started to show clinical signs of depression, lethargy, ataxia, poor performance, respiratory disease with poor treatment response, and death. Aflatoxin B<sub>1</sub> was detected in multiple samples of cottonseed between 96 and 1700 ppb, in 2 samples of gin trash at 110 and 857 ppb, and corn at 14 ppb. In these instances it is important to sample the final as-fed ration to determine the total level of aflatoxin the animal is consuming. Extremely high levels of aflatoxin B1 (>1000 ppb) may cause sudden or acute neurologic signs such as circling, depression, staggering, recumbency and death due to severe liver and brain damage. Diagnosis is based on clinical signs, laboratory tests indicating liver abnormalites, and toxic levels of aflatoxin present in the ration. An enlarged, fibrous liver is generally found on necropsy.

No specific treatment is available for aflatoxicosis beyond quickly removing the contaminated ration and replacing with an uncontaminated feed. Providing optimum dietary protein, vitamins, and trace elements may aid recovery, although some affected animals may not recover. Numerous products such as bentonite are marketed to sequester or bind mycotoxins and reduce absorption from an animal's gastrointestinal tract, although in the United States these agents can only be sold as anticaking or free-flow agents. The FDA has not licensed any product for use as a mycotoxin binder in animal feeds and extra-label use of feed additives is prohibited.

Other mycotoxins of concern in cattle are those produced by the *Fusarium* species of mold and include deoxynivalenol (DON or "vomitoxin"), zearalanone, and fumonisins. Ruminants are generally resistant to many of the negative effects of these mycotoxins because of their ability to degrade these compounds with the bacteria and protozoa found within the rumen. However, in large enough quantities, deleterious effects may occur. DON or "vomitoxin" is restricted by the FDA to 5 ppm or less in the final ration of dairy cattle over 4 months of age and 10 ppm in the grain (5 ppm in the finished feed) in beef cattle over 4 months of age. The primary clinical sign with DON is feed refusal but a drop in milk production, diarrhea, and immune system alterations may be noted. Zearalanone is associated with hyperestrogenism, enlarged genitalia and infertility although the effects in cattle are not fully understood. Mature cows appear to be more resistant to zearalanone toxicosis than heifers in research trials. No FDA guidelines have been established for tolerable zearalenone concentrations in finished feed for ruminants. The University of Missouri at Columbia and North Dakota State University suggest limiting the level of zearalenone to <2-4 ppm in dairy cows and <5-10 ppm in beef cattle. Fumonisin B1 and B2 are mycotoxins cattle are more tolerant of than many other species. The FDA does have established tolerance levels of fumonisin in finished feeds of 30 ppm for ruminants over 3 months old and fed for slaughter, 15 ppm in ruminant

breeding stock including lactating dairy cows, and 5 ppm for ruminants less than 3 months of age. Feeding large quantities has resulted in decreased feed intake, decreased milk production, and some mild liver lesions.

It is important when dealing with stressed feed ingredients to measure the concentration of mycotoxins present and to know the nutritional value of the feed. However, bear in mind when sampling feeds that human exposure to high levels of mycotoxins - aflatoxin in particular – in grains and other crops can result in serious health problems. Any potentially contaminated grains or feeds should be handled with great care. Farmers, mill operators and others who routinely handle potentially contaminated feeds should always use protective gear such as gloves, dust masks, and coveralls. Once the feed is tested, producers then need to:

- 1. Keep the mycotoxin level as low as possible;
- 2. Keep the mycotoxin level under the regulatory action level for the given species and stage of production as aflatoxin residues can occur in multiple animal products from animals exposed to excessive amounts. Residues are especially important in milk and organ tissues, but can also be present in meat.
- 3. Compensate for differences in individual animals, sampling technique and "hot spots" by targeting total mycotoxin intake at less than the action or guidance level;
- 4. Remember if multiple mycotoxins are present in a feed, their adverse effects may be additive.

For the most up-to-date information regarding aflatoxins and other mycotoxins in corn, visit the UK website <u>http://www.uky.edu/Ag/GrainCrops/corn\_mycotoxins2012.html</u> for a comprehensive collection of bulletins compiled by the experts. A link to the mycotoxin page can be found at <u>www.askukyvet.com</u> under "Alerts".

## What's in the Bag? Dr. Jeff Lehmkuhler, Extension Beef Specialist, University of Kentucky

The fall has dropped upon the Commonwealth like a lead balloon dropped from a 10 story building. Seems like this time of year we always see these drastic weather condition swings and it takes time to adjust the colder temperatures. This is also a time that we see recently weaned calves break with respiratory disease as the daytime high and low's can be 30 degree swings. This time of the year also is when many cattlemen begin buying feed to supplement weaned calves, replacement heifers, and cows. Which feed should I buy and how much should I feed often become the topics of discussion this time of year.

In our area, we have companies that sell their regular beef feed product lines as well as common coproduct feeds such as soybean hulls and corn gluten feed. There have been a few companies that have made a business of handling only coproduct feedstuffs and marketing them as blended feeds. With the high grain prices, producers usually search for less expensive supplement alternatives. As beef producers, we can sometimes be our own worst enemy. As an example, you have had success with a feed that you purchase from your feed salesman but it is getting expensive. So, you ask the feed salesman for a feed that is \$25 less per ton because you just can't see coughing up that kind of money for feed. Well, the feed salesman says he does have a feed that is a 14% complete feed in your price range and you jump on it.

What made that feed \$25 less than the other? Perhaps this is a larger dealer that can take advantage of bulk purchasing of feedstuffs and procures commodities at a greatly reduced price. This is certainly a possibility and can't be discarded. The next step in determining to why this feed is less costly may or may

not be told by the feed tag. Perhaps the feed is medicated and contains a feed additive such as an ionophore or antibiotic. This would be clearly stated at the top of the feed tag.

If both feeds are similar in that they both contain the feed additive at the same level, the next thing to consider is what is actually in the feed. This includes both the guaranteed nutrient analysis and also the ingredients listed. First, compare the nutrients listed and see if they differ in protein form. Urea is the cheapest source of crude protein and 10-15% of non-protein nitrogen is common in feeds for growing cattle. Next compare the level of crude protein, fat and fiber. Higher crude protein feeds often have a higher price tag.

Assuming the two feeds are similar in nutrient content, the next step is the ingredient list. Feed tags list the ingredients in order from greatest inclusion levels to the least. Feeds with soybean meal, oats, corn or other grains will likely be priced higher as these commodities are often more expensive. But what if one of the tags reads as follows: Processed Grain Byproducts, Roughage Products, Grain Products and then a listing of various minerals. Can you tell if this feed contains soybean hulls, corn gluten feed, or dried distillers grains? No, the use of collective terms prevents one from knowing what feedstuffs may be in a product. This is important to understand as it applies to our two feeds that we are comparing.

Soybean hulls has a book value of 77% TDN and 12% crude protein while rice hulls is listed at 13% TDN and 3% crude protein (2012 BEEF magazine Feed Composition Tables). Recall that TDN stands for Total Digestible Nutrients and is an estimate of the available energy from a feedstuff. Both of these feedstuffs fall under the collective term of roughage product. Clearly, a large difference in feeding quality exists between these two feedstuffs. The wholesale price at the processing plant in Arkansas for rice hulls was \$30/ton while soybean hulls were \$200-\$225/ton as reported by the University of Missouri for October 28, 2012. This could very well be a method for lowering the price of a coproduct blended feed. There is no listing on a feed tag of the energy, TDN or NEg. Therefore, it can be difficult to fully compare two feeds.

When you are looking at buying feeds and you come across a deal too good to be true, it probably is. Ask the feed salesman what is in the feed. They likely won't tell you the percentages of the various ingredients, but they should at least be willing to tell you if a product has a certain feedstuff such as peanut hulls, distillers grains, etc... Be better informed when making these decisions today and be sure to get the best value which does not necessarily mean the lowest price. Have a nice fall and happy feed shopping.

## Kentucky Beef Cattle Market Update

## Dr. Kenny Burdine, Extension Specialists in Ag Economics, University of Kentucky

Fall moisture and generally good pasture conditions likely held many calves off the market in the early fall. Calf prices appear to be declining seasonally and receipts suggest increased marketings in recent weeks. However, prices have remained relatively strong due to low numbers and some softening in feed prices since summer. As we look towards spring of 2013, fewer calves will likely be on the market and fall 2013 feeder cattle futures are currently at levels comparable to fall 2012 last spring. If weather is favorable, it is very likely that the spring calf market will be extremely strong, much like what was seen in the spring of 2012, setting up another good year for fall calvers.

Further evidence of fundamental cattle market strength can be seen in this fall's heifer sales. Prices have been extremely strong with most sale averages well above \$1,500 per head and some prices exceeding \$2,000. While I don't think expansion is underway, this does suggest that optimism exists and is also

likely a function of extremely strong cull cow prices. Many cow-calf operators are likely culling deeper and looking to the heifer development market to maintain numbers.

Current market conditions do suggest some opportunity for winter backgrounders, but managing the market risk will be crucial. This will also be true for summer backgrounders who purchase calves next spring. Margins are likely to be there, but 5 to 10 / cwt changes in the feeder cattle market have become commonplace. Changes such as this can make the difference in profits and losses and are totally outside the control of the producer. Managing this risk is becoming more important all the time.



Kentucky Auction Prices 500 to 600 lb Medium / Frame Frame #1 Steers