Cattleman's Newsletter

RED RIVER VALLEY CATTLEMAN'S ASSOCIATION

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The $1,200, 500-Pound Calf

Back in 1948 the live cattle price--the price packers pay for finished steers--touched a multidecade, constant-dollar high of $2.40 per pound. (As you know, when prices are in constant dollars they have been adjusted for price inflation.) Also in 1948 the constant-dollar price of corn hit a high of $18.50 a bushel.

The next two market spikes were at the end of 1973, when live cattle hit $1.90 and corn touched $12.50, and in April 1979, when live cattle reached $1.75 and corn was $7.

Obviously, those were wild and woolly times with volatility causing decision making to be a difficult proposition at best. During those times corn was a premium-priced ingredient in cattle feed. That meant the time on feed was limited, so it's no wonder everyone thought corn-fed beef was a big deal. But what about the price of calves? That's what "everyone" sells, isn't it? Well, calves had their day too.

Greg Henderson, editor of *Drovers*, was kind enough to provide RRVCA with spot prices for 400- to 500-pound calves from 1919 to date. A perusal of that database shows that after the big war the price of calves peaked in 1951, 1973, and 1979. The highest average monthly prices were $33.90 in April 1951, $68.20 in August 1973, and $99.50 in May 1979. Adjusted for the dollar's diminishing purchasing power (price inflation), those old prices are now equivalent to $219.60, $252.70, and $232.50 respectively.

Since few folks can hit the market peaks, the yearly averages are probably more realistic. The averages of the monthly averages for the respective years were $32.00, $56.60, and $88.70 per hundred. Adjusted for price inflation, those old prices are now equivalent to $207.70, $213.30, and $205.30 respectively.

Now this essay's title may be starting to make more sense. The highest average monthly calf price in 1973 was $252.70 in constant dollars. If that is multiplied by 500 pounds we get a $1,263.50 calf!

Can you imagine? Assume you have 300 acres and 100 cows that wean off 500-pound calves. If you sell the calves for $208.80 per hundred pounds, which is the price-inflation-adjusted 12-month average for years 1951, 1973, and 1979, the 100 calves fetch $104,400! If your cost to raise a calf is $500 (including your labor and depreciation--the works), your pretax earnings are $54,400. After taxes maybe you'd have $40,000 left over, for a 10% rate of return on your $400,000 investment. Not bad.

Take a Vacation

With big numbers like these it's no wonder folks used to sell

Continued at the top of page 2

Singletary Peas and Vetch Legumes for Economical, Extended, High-Quality Grazing

By H. Duane Adams, Adams Farms

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Singletary Peas with Vetch Legume Mixtures

Singletary peas with vetch mixtures are an old-fashioned, economical way to enhance the productivity of pastures and hay meadows for beef and dairy cattle. Historically, before many of the modern, less well-adapted clovers were introduced into Texas, singletary peas and vetch were considered to almost grow wild in pastures and meadows. The legumes alone and in combination with small grains and grasses are used for hay, silage, and grazing with forage quality at the 20% protein level at its peak. They have the additional advantage of fixing nitrogen for warm season grasses. Singletary peas with vetch mixtures are well adapted to northeast Texas with some stands existing for at least 15 years.

Applications of Singletary Pea and Vetch Mixtures

Overseeding into Warm Season Grasses

The most widespread application of the legumes is overseeding warm season grasses to provide spring and early summer grazing. Singletary peas with vetch seeds are typically mixed with phosphate and potassium fertilizer and slung on bermuda, crab, dahlis, johnson, or other warm season grass pastures beginning in mid to late September until as late as November. If adequate fertilizer is indicated by soil test, the legumes can be applied with a small seeder or drill at a rate of 10 to 20 pounds per acre. Use of lime may be needed to keep the soil pH in the 6-8 range. In early March the legumes will begin to come out of dormancy and start providing good forage with protein in the 20% range by the end of March. (See Figures 1 and 2.) Because of the high protein content beef cows need only to graze for a few hours every other day. Calves are allowed free range through a small opening to the pasture. Milk production is maintained by dairy cows with daily grazing for the same period. The forage can be stored by baling hay or as silage. In most years the high-quality forage is available through late May with protein quality degrading to about 10% by mid-June. After the singletary peas with vetch are removed by grazing, haying, or silage, the summer pasture will grow vigorously because of the benefit of the nitrogen fixed by the legumes and the deep penetration of the legume roots during the growing season. Some producers devote part of their warm season pastures each

Continued at the bottom of page 2

The $1,200, 500-Pound Calf, continued from Page 1.

their calves and take off for the Florida Keys during the winter instead of mess around with stocker calves. And with the big revenue numbers of bygone years, one can see why the largest calf at weaning was a paying proposition. Yes, winter calving, creep feeding, supplementing cows, 365-day calving seasons, haying, and every other thing one could do to just get the heaviest live calf to sell at weaning would make economic sense. That is what the schools taught: Raise big calves, sell them at weaning, put the money in a savings account, and take a vacation.

And guess what--that's what the schools are still teaching and that's what most of the ranchers are still doing.

But look again at history. From 1886 to 1894 live cattle traded around $0.65 and corn traded around $7.50. Corn was high and cattle were cheap. So how did ranchers make out then?

Let's daydream a little about the 1880s. Assume you're a cattle buyer from Chicago down in Texas on a buying trip. You find this ranch out in the middle of nowhere and stop in at the big house. (Ranchers always had big houses, didn't they?) The rancher comes out, squints at you some, and doesn't seem too friendly since he spots you as a Yankee carpetbagger, which is confirmed the minute you open your mouth. (You haven't forgotten the era of carpetbaggers have you?) Since you're a rather confident buyer, you brush aside the rancher's ugly demeanor and make him a "special" proposal.

Now get this. You offer the rancher $0.80 a pound for his 500-pound calves or $400 per calf. You do this even though you know the rancher can raise his calves to 1,100 pounds on grass at virtually no extra cost, at which point they'll be worth $715. Additionally, you make your offer knowing full well that the hardest and most expensive thing to do is get a live, weaned, five-weight calf. (The weaned calf cost the rancher $375 to raise.) And the most profitable, lowest risk stage of the cattle business is to raise the 500-pound calf to slaughter weight.

After you make the offer, how does the rancher react?

Hint: The rancher is looking at a Yankee carpetbagger. On top of that he knows the fellow making the offer takes him for a fool.

A. Does he invite you in for drinks, a steak dinner, and an evening in the smoker room to discuss business?

B. Does he thank you profusely and ask how long he has to round up his calves so you can move them north to finish?

C. Does he simply turn down your offer and try to arrange to sell you larger calves at a later date?

D. Does he pull his gun out and demand that you get off his property and get the hell out of Texas before he shoots you?

If you guessed A or B, you've got a lot to learn about the cattle business. And you must be a calf liquidator today. If you guessed C, then you don't understand the emotions of people who have been cheated and don't want to be cheated again.

If you guessed D then you understand people and the economics of today's cattle business.

Do the Math

For those who guessed A or B, a review is in order. If live cattle are selling for $0.68 per pound for a pay weight of 1,200 pounds, the gross value of a finished calf is $816. And the costs are $375 to raise a weaned calf, $0.25 per pound plus vaccinations and worming ($100) to raise the calf from 500 pounds to 850 pounds, and $225 for shipping and feed to finish the calf, for a total of $700. If that is right, the most one can make on a calf is $116.

If the calf is sold at weaning and shipped and sold again at the end of the stocker phase, there are two commissions totaling $23 and at least one extra shipping fee (let's say $3) that come off the $116. Now the maximum gross margin is $90. If that gross margin is split three ways--cow/calf, stocker, and feeder--that leaves $30 for each phase. If the $30 is compared to the invested capital in each phase, the highest rate of return on invested capital will be the stocker phase, followed closely by the feeder phase, and the cow-calf operator earns next to nothing.

Obviously, when cattle prices are low the greatest opportunity is in holding calves until they hang on the rail. The most profitable phase of the business is in feeding lightweight cattle to heavier weights, not in feeding cows that raise calves.

Again, think about it. The cow-calf phase of the business requires the greatest capital investment. The rancher feeds a 1,200-pound cow for 365 days and a 290-pound (average weight) calf for 200 days for 500 pounds of gain. The stocker operator feeds a 675-pound (average weight) calf for 200 days for 350 to 400 pounds of gain. The feeder feeds a 1,050-pound (average weight) calf for 125 days for 350 to 400 pounds of gain.

Since just about everyone in the cow-calf segment of the business can raise a calf to 850-900 pounds on grass, why don't they do just that? The answer lies in conventional management practices, whereby most folks just don't pencil out the business. Instead they are reliving the era of the $1,200 calf, without receiving the $1,200. Consequently, they live in denial, focused on the wrong objective because they've forgotten how their great, great, granddads did it over 100 years ago.

Singletary Peas with Vetch, continued from Page 1.

year to the "singletary pea with vetch treatment." This rejuvenates their pastures with the added benefit of high-protein spring forage.

Overseeding into Warm Season Grasses with Small Grains

Often combinations of the legumes and rye grass, wheat, or elbon rye are used to provide for late fall and winter as well as spring grazing. Seeds are incorporated into the soil by light discing or no-till drilling. Large amounts of fertilization are required to provide nitrogen to the grain or rye grass to produce significant forage. With the grains or grasses alone, the warm season pastures are usually depleted of nutrients by the winter growth and require more fertilization to begin the production of the warm season grass. By using the legumes instead of rye grass little additional nitrogen fertilizer is needed to provide the late spring grazing. The additional nitrogen and deep root growth provided by the legumes in late spring allow the warm season grasses to get off to a running start.

Seeding into Small Grain and Cool Season Grasses

A third application of the legumes is the use with elbon rye, wheat, oats, and/or rye grass to plant into a seed bed prepared by plowing in late summer. This application requires dedicated land for cool season grazing but has the advantage of providing earlier winter pasture and, especially with the elbon rye, good growth even in the coldest part of winter. Most of the comments in the paragraph above are applicable, and numerous articles are available on the use of rye grass and small grains. The primary reason for the use of the singletary peas with vetch is to extend

the availability of high-protein forage into mid-June and reduce the need for late spring nitrogen fertilization. A very similar application is the use of legumes overseeded into fescue pastures. The legumes overseeded into fungus-infected fescue give the livestock the needed dietary variation to reduce fungus-related problems while providing high-quality grazing or hay and additional nitrogen.

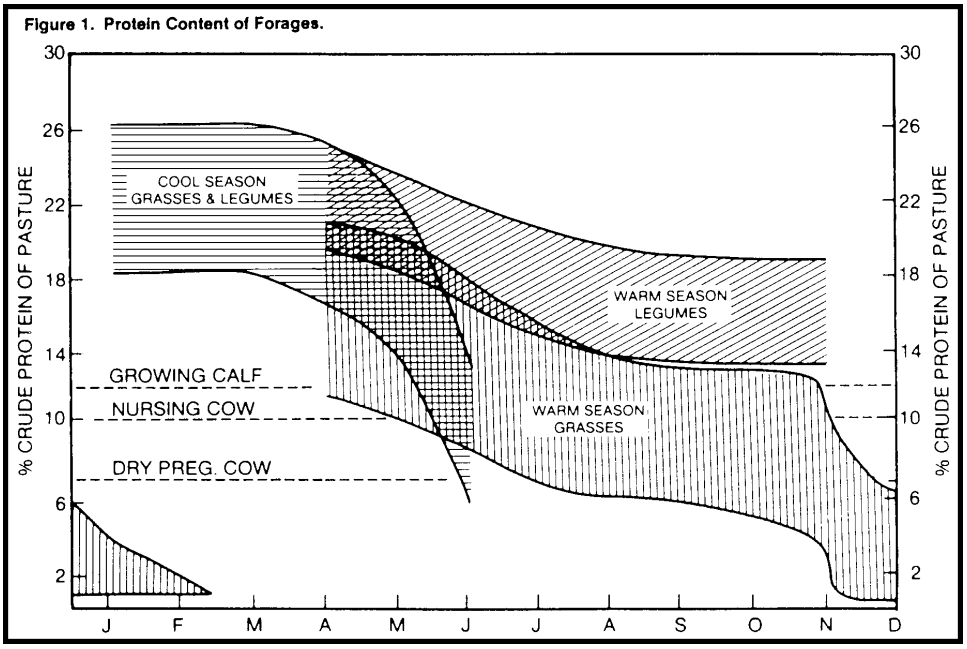


Figure 1. Protein Content of Forages.

Seeding for Cover Crops and Seed

A fourth use of the singletary pea with vetch legume mixture is for cover crops and/or seed production. The use of legume cover crops to reduce erosion, fix nitrogen, and enhance the plant root zone was introduced in the 1930s by the U.S. Department of Agriculture. The idea was to begin to rebuild the soil worn out by years of growing cotton and other soil-depleting annual crops. Additionally, since nitrogen was not commercially available the legume gave a method of fixing nitrogen cheaply. The forage produced by the legumes was plowed down into the soil, grazed, or hayed. The cover provided reduced wind and water erosion. Today, the legumes alone and in combination with small grains are widely used in no-till and reduced-till row crop applications. Growth can be terminated in the spring by burn down chemicals or mechanically by flail shredding or plowing. After the growth is terminated, either no-till or reduced-till methods are used to plant and control weeds. To restate, the legume cover crop reduces erosion, provides nitrogen, and improves the plant root zone by providing organic matter and loosening the compacted root zone.

Some Practical Results of the Use of Singletary Peas and Vetch

Overseeding Warm Season Grasses

Grazing Applications:

Near Commerce, Texas, a dairyman grows coastal for hay with heavy summer fertilization for hay production. In the fall of 1997 about 30 acres of the bermuda meadow was overseeded with vetch and peas. The residual phosphate and potassium fertilization can be adequate to get the peas and vetch established, but in this case 150 pounds per acre of ammonium phosphate was applied with the seed.

This practice resulted in grazing from mid-March to mid-May for 100 milking cows. The grazing was limited to about three hours per day. The vetch and pea forage replaced about one ton of dairy quality alfalfa per day during the grazing period without reducing the amount of milk produced. No additional nitrogen was applied during the spring grazing period. As a result of the nitrogen fixed by the growing legumes in the spring the meadow produced more hay than adjacent coastal meadows the following summer. Experience has also shown that the legume roots penetrate deep into the soil, allowing the coastal roots to grow deeper and healthier following the legumes.

The financial advantage of using the vetch and peas to replace hay for dairy or beef cows is great. Cost of the vetch and pea overseeding was about $10 for 10 to 15 pounds per acre of seed. If additional phosphate and potassium are required, usually about 100 pounds at $12 per acre is adequate to establish the legumes on bermuda. The seed can be mixed with the fertilizer by the dealer and applied with a fertilizer buggy. Thus the material cost for this example is about $21 per acre or $630 for 30 acres. The alfalfa replaced by grazing the legumes was estimated at 45 tons at $125 per ton or $5,625. This gives a net cost saving by using vetch and peas of about $5,000 or $50 per cow. In addition to the hay cost saving, the nitrogen fixed by the legume for summer hay production is estimated at 30 to 60 pounds per acre or $10 to $20 per acre.

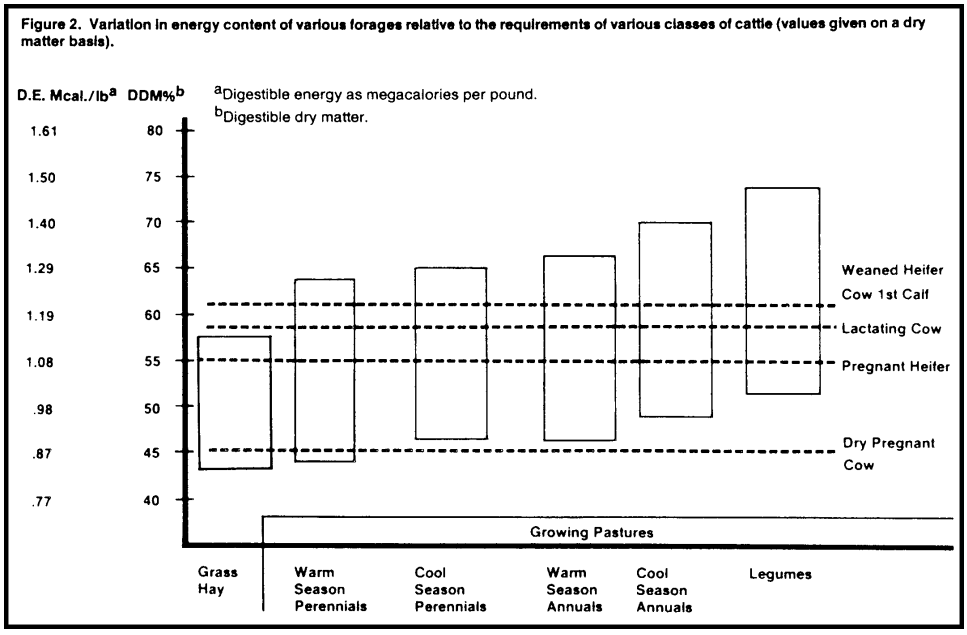
Hay, Silage, or Seed Applications

Another example is for bermuda and fescue/johnson grass meadows that have had singletary peas and vetch seeded by volunteer seed for up to 15 years. For the last several years the fescue and bermuda meadows have been used exclusively for hay and for pea and vetch seed. The only fertilizer application was 100 pounds of ammonium phosphate in early April 1998 to enhance seed production. The hay was windrowed behind the combine in late June. In addition to the seed crop, approximately two and one-half tons of 10% protein hay with total digestible nutrient of 75 was produced. If seed was not to be harvested, higher protein hay or silage (about 15% to 20%) could have been taken at mid-bloom in May. Typically, without any additional fertilizer, at least one more ton of high-quality hay is produced. To summarize, for the combination warm season/cool season grasses in this example about three and one-half tons of good-quality hay can be produced without any nitrogen fertilizer other than that supplied by the singletary pea and vetch legumes. Depending on conditions, some pea and vetch seed can usually be harvested, but the hay production is very consistent. For this example there are also two other options. The grass /legume mix can be grazed until about the first of May with the hay and seed produced in reduced quantity. The other option is to silage or hay the legume/grass mix at its peak protein level of about 20% in the late April to mid-May time frame.

Seeding with Small Grains and Cool Season Grasses

For prepared (plowed) seed beds with the peas and vetch mixed with elbon rye or wheat or rye grass the hay, grazing, and silage results are very similar to the results above. By using

elbon rye grazing is available earlier in the fall and during periods of very cold weather. This is the primary advantage of elbon rye over wheat. Elbon rye is also well adapted to acid soils where wheat will not grow. The addition of rye grass to the legume/grain mixture gives more late spring forage, but the price to be paid for the additional forage is for the nitrogen necessary for the grass to grow before the legumes begin to produce nitrogen in the spring.



Some Advantages of Singletary Peas over Vetch

Singletary peas and hairy vetch mixtures are well adapted to northeast Texas; however, the amount and quality of the forage or hay from singletary peas can be higher than from vetch. Because the pea stalk and leaves are larger, the pea can produce more bulk and withstand more heavy rain and wind without falling down, as vetch sometimes does. Mixed with vetch, the singletary peas will support the vetch and help keep it from falling down. For haying or silage the pea is easier to cut as it stands higher than vetch. Singletary peas can produce more hay than vetch because of the larger leaves and a larger stalk that stands up well. Cows prefer peas to vetch although both can produce forage in the 20% protein level. Often cows will graze down the peas then start on the vetch where pea and vetch mixtures are planted. Old-timers attribute the cow's preference to peas over vetch to the pea being "sweeter."

A third advantage of singletary peas over vetch is their reseeding ability. Generally, if peas and vetch are allowed to reseed naturally at the end of the growing season they will reestablish stands in the fall. However, some years the vetch seed will sprout prematurely in the late summer or early fall and die due to hot weather later on. The singletary pea has a large percentage of "hard" seed, which will not germinate until the weather is cooler and wetter. Also, some of the "hard" seed will not germinate until the following or even later years. There are pastures that have had singletary peas continuously for at least 15 years without reseeding.

A fourth advantage of singletary peas over vetch is that it stays green longer. This allows higher quality hay to be cut in June, which reduces the chance it will be rained on. Forage quality is also maintained for a longer period by the singletary peas.

The extension service says that mature pea seed is toxic to livestock, although that problem has not been personally observed. For grazing, haying, and silage this is not a problem because the seed does not typically mature until late June or July when the plant dries down. For seed production or volunteer reseeding, the animals are kept off the pea stands after the first of May. Like vetch, the mature seeds will pop out on the ground when mature. This makes it unlikely that livestock would be able to eat the seed.

Acknowledgments

The comments in this essay not attributed to someone else are based on my own experience and many others whom I have had the privilege to know over the years. Mr. Dale Stockton of Enloe, Texas (now deceased) was perhaps my best source of knowledge on the pea and vetch mixtures. I would like to hear and learn more about these hardy and economical legumes so please contact me with your stories. If you try what I have described and it doesn't work the first time, keep trying with your own ideas thrown in. It will pay off in most cases. If in the end it doesn't work, I am sorry and hope you can find a better way.

Reference:

Figures 1 and 2 come from *Nutrient Composition of* Feeds, Texas Extension Service *Bulletin B1553*.

RRVCA's Associate Members

Associate Members are service providers to the beef cattle industry who have joined the Red River Valley Cattleman's Association. By doing so they support the beef industry generally and local beef producers specifically. In return let's make them proud of our product, our herdsmanship, and our patronage.

Select Associate Members

C Bar Feedyard
Plainview, Texas
806-296-7441

Hibernia National Bank of Texas
Paris, Texas
903-785-0351

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Guymon, Oklahoma
580-338-8575

Lamar Electric Cooperative
Paris, Texas
903-784-4303

TU Electric - Lone Star Gas
Paris, Texas
903-737-4204

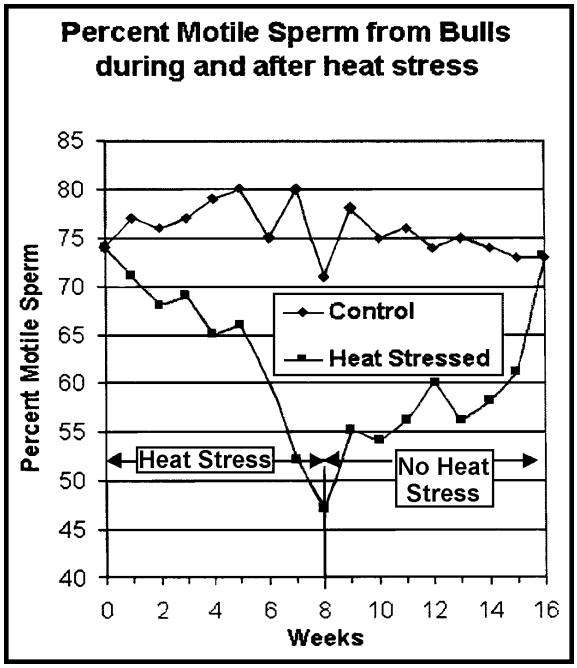
The Red Hot Bull

By Ted Slanker

Oklahoma and Texas Extension have been campaigning against summer breeding programs. Do they or do they not have a point? Here's what they reported in the *Proceedings* book from the August 1999 Beef Cattle Short Course and Trade Show.

The Impact of Hot Weather on Bull Fertility

Several research trials have been conducted throughout the years looking at the effect of high temperatures on bull fertility. Certainly that research had importance to many Oklahoma and Texas cattlemen in the summer of 1998. As far back as 1963, researchers exposed bulls to temperatures of 104 degrees F. and 54% humidity for an 8-hour period and then allowed the temperature to drop to 82 degrees F with 72% humidity for the remainder of the 24-hour period. This temperature regimen was continued for 7 days and was designed to resemble natural conditions in the subtropics. They found the high temperatures resulted in major detrimental effects on initial sperm motility, sperm concentration, and total numbers of sperm per ejaculate. One cannot escape the conclusion that high ambient temperatures can result in detrimental effects on fertility by effects on both the cow and the bull.



More recently (Meyerhoeffer, et al. 1978), Oklahoma scientists placed bulls in controlled environments of 95 degrees F. for 8 hours and 87 degrees for the remaining 16 hours while similar bulls were placed in environments of 73 degrees constantly. These treatments were applied to the bulls for 8 weeks and then all bulls were allowed to be in the 73-degree environment for another 8 weeks. During the treatment the heat stressed bulls had rectal temperatures of 0.9 degrees F higher than non-stressed bulls. The percentage of motile sperm cells decreased significantly in the stressed bulls by 2 weeks of heat stress. See chart above.

Now this looks bad for bulls. It looks so bad, Extension specialists have been touring the state telling veterinarians that they shouldn't even bother to give bulls fertility tests in the summer months, because most bulls won't pass.

Optimism Proves Experts Wrong

Well, as an eternal skeptic of this kind of thinking, and as an eternal optimist of the ability of cattle to adapt to their surroundings and reproduce, I tested a bull in early September just before the 100-degree days ended. This particular bull, pulled out of my sale bull lineup in random fashion (Eugene Haydon liked him), passed the fertility test successfully. He was one hot bull. The only cooling benefit he had all summer was to be able to stand under a shade tree or in the covered loafing area. All of my bulls are fenced out of the ponds, so they do not get the benefit of lounging around in the ponds like water buffalo. And I guarantee you it was hot this past summer.

In late August I had offered Extension the opportunity to come and test my 25 bulls that had just come through one of the hottest summers on record. If their concerns were right, then most of my bulls, or at least a good percentage of them, should have failed the breeding soundness exam. Extension was not too interested. It said it would need a control group someplace else, and blah, blah, blah. I said, "Just test them."

So there were no takers to my "just-test-them" approach. Therefore, the question remains: Can cattle successfully reproduce in hot weather? I think they can. And the real test will come in another month or so when my cows are pregnancy tested. Remember, my breeding season is from July 6 to August 20. According to Extension, the pregnancy rate should be well below average for the state as a whole. We'll see, and I hope I'm right because my money is where my mouth is.

SPA Works, Ranching Doesn't

Well, it was a sobering experience. The RRVCA, Extension, and Noble Foundation SPA program for northeast Texas and southeast Oklahoma was conducted on September 9 and 10. Only six participants completed the analysis, a disappointing turnout to say the least.

But was it worth it? It must have been. Extension and Noble later told Jim McGrann (SPA coordinator) that they wanted to host similar programs in April 2000 (Noble) and June 2000 (Lamar Extension). Since neither one of these organizations pushed SPA participation in the past, RRVCA was a leader (once again) in the local industry.

The specific outcome of the SPA analysis came as no particular surprise to the participants. The individual results are private, but they could not differ greatly from other reports from other regions of the country. And all those reports suggest that producers everywhere have been losing money year in and year out for quite some time.

Maybe the greatest shock for SPA participants was the inadequacy of their current accounting systems to provide them with meaningful managerial inputs. Everyone went home determined to set up better accounting systems, which would be one of the most important, simplest, and least expensive changes they could implement.

When the individual reports were printed every participant appreciated the importance of seeing how their assets were deployed and performing. SPA reports are not just income and

expense statements. They take into account balance sheet changes, sales and expenses, and cattle performance! Therefore they are complete financial/operational management reports that put the numbers in perspective.

Get the Answers to Problems

Since most of the news from SPA reports is bad news, then obviously ranching today is not a paying proposition. So SPA works but ranching doesn't. But there are solutions to today's problems, and they're in management choices. Unfortunately, unless producers are aware of different, lower cost management practices, identifying their problems is useless. This is where RRVCA comes into play, because there are answers to most of the problems. But the answers are not in the implementation of conventional management practices. So RRVCA is needed, because even Extension is part of the establishment that resists change.

Otto Scott, editor of *Otto Scott's Compass* (P.O. Box 781, Wauna, WA 98395 and 800-994-2323), a journal of contemporary culture, recently wrote: "America rose separated from teeming Europe whose civilization was armored by entrenched possessions and institutional groups able to delay innovations, new instruments, techniques, and discoveries, which gave our forbears an exaggerated opinion of our own inventiveness, even while we enjoyed the inheritance of an unusually rich culture that enabled us to concentrate on improving our immediate circumstances."

Otto Scott is a historian. His comments above were referring to the time of the Industrial Revolution. Obviously, if civilizations "armored by entrenched possessions and institutional groups" can delay innovation, then our local beef producing industry is no different. So if the beef producers of northeast Texas and southeast Oklahoma want to advance their industry standing, they must break the shackles placed on them by the establishment. And that has never been easy.

RRVCA recommends that if you want to improve and you're a cow-calf producer, start the process with a SPA analysis of your operation. Nearly anyone can do it on their own, although it is much easier to do it as part of a group and another group effort can be organized if enough producers request. (Maybe next time it will be held on a weekend.) If you do not want to wait for a group meeting, get in touch with Dr. Jim McGrann, Prof. & Ext. Economist-Management, Department of Agricultural Economics, Mail Stop 2124, Texas A&M University, College Station, TX 77843-2124, 409-845-1861 office, 409-845-2770 fax, and order your SPA manual and computer program today.

The Feedlot Advantage

Assisting cow-calf producers in making the transition to Complete Calf Management is one of the goals of RRVCA. This is why it publishes the estimated-cost-of-gain table and has established an alliance with Hitch Enterprises. There is currently a positive margin between the market value of the calf plus the cost of gain versus the futures markets, which shows this is a profitable time to feed calves.

If you need information on preconditioning calves, the RRVCA can forward a 68-page booklet titled *Value Added Calves* published by the Noble Foundation. The booklet is free at the meetings, or if you want it mailed to you, RRVCA charges $3 for S&H.

Cattle Futures

Live		Feeder		Stocker	
Oct	$67.30	Sep	$79.62	Oct	$88.20
Dec	$68.85	Oct	$79.90	Nov	$90.95
Feb	$69.27	Nov	$81.40	Dec	$90.00
Apr	$70.52	Jan	$81.62		
Jun	$67.67	Mar	$80.70		
Aug	$67.80	Apr	$80.60		

BEEF.

It's what's for dinner.

Steers	Gain Cost w/Calf Cost, 500-mileShipping, 1% Death Loss, Yardage $0.05/day, w/ Feed Cost of: $98.50											
Cost	Weight		Daily Rate of Gain									Days Fed
Basis	In	Out	2.00	2.25	2.50	2.75	3.00	3.25	3.50	3.75	4.00	@ 3.25/day
$88.50	500	1150	72.97	69.31	66.38	63.98	61.98	60.28	58.83	57.58	56.48	200
$83.50	600	1150	74.78	71.50	68.87	66.72	64.93	63.42	62.12	61.00	60.01	169
$79.50	700	1150	75.74	72.91	70.64	68.79	67.24	65.93	64.81	63.84	62.99	138
$75.50	800	1150	75.41	73.09	71.24	69.72	68.46	67.39	66.47	65.68	64.98	108
$83.50	600	1250	75.53	71.77	68.76	66.29	64.24	62.50	61.01	59.72	58.59	200
$79.50	700	1250	76.41	73.06	70.38	68.19	66.36	64.81	63.49	62.34	61.34	169
$75.50	800	1250	76.11	73.23	70.93	69.05	67.48	66.15	65.01	64.03	63.16	138
$71.50	900	1250	74.62	72.28	70.40	68.87	67.59	66.51	65.58	64.78	64.08	108
Heifers	**Gain Cost w/Calf Cost, 500-mileShipping, 1% Death Loss, Yardage $0.05/day, w/ Feed Cost of: $98.50**											
Cost	Weight		Daily Rate of Gain									Days Fed
Basis	In	Out	2.00	2.25	2.50	2.75	3.00	3.25	3.50	3.75	4.00	@ 2.85/day
$80.50	500	1050	70.61	67.19	64.46	62.23	60.37	58.79	57.44	56.27	55.24	193
$76.50	600	1050	72.15	69.19	66.81	64.87	63.26	61.89	60.71	59.70	58.81	158
$72.50	700	1050	72.24	69.80	67.85	66.25	64.92	63.79	62.83	61.99	61.26	123
$68.50	800	1050	70.87	69.03	67.56	66.36	65.36	64.51	63.78	63.15	62.60	88
$76.50	600	1150	73.06	69.56	66.76	64.46	62.55	60.94	59.55	58.35	57.30	193
$72.50	700	1150	73.14	70.12	67.70	65.72	64.07	62.68	61.48	60.44	59.54	158
$68.50	800	1150	71.89	69.42	67.44	65.82	64.47	63.33	62.35	61.50	60.76	123
$64.50	900	1150	69.31	67.46	65.97	64.76	63.75	62.89	62.16	61.52	60.96	88

Ted Slanker's Personal Notes:

Oops, I'm Slipping

Well, nobody's perfect they say, and I'm certainly no exception as the following story shows.

When September 9 rolled around I was doing my thing in the office on the ranch when I received a call from Jim McGrann. Sounding somewhat exasperated, he asked me what I was doing. I said I was working on a couple of projects and was glad to hear from him. Then he informed me that he was in town conducting the SPA meeting I had vigorously promoted, and asked "Where in the #&*! are you?"

Well, I had it in my mind the SPA meeting was on Friday and Saturday, not Thursday and Friday. As a result, I planned to spend most of Thursday afternoon and evening gathering up data for the Friday meeting. So, from the moment Jim called my plans were completely out of whack with an ongoing event.

Jim asked me to come on down anyway, which I did, but without my data all I could do was sit there like a bump on a log. Later Jim excused me and said things were going so well he figured everyone would finish that day or at worst early the next morning. Consequently, there was no need for me to show up Friday.

I went home, somewhat disgusted with myself and embarrassed, to say the least, and made new plans for Friday, even shifting some events from Thursday over to Friday. Then wouldn't you know it, Jim called up Thursday evening and said I should come down Friday morning after all. Well, that was totally out of the question because not only hadn't I gotten my data together as previously planned, I had made plans for Friday. Consequently, I missed the SPA program twice!

Doing the SPA Numbers

Determined to see my own analysis through, in the days that followed I loaded the SPA program in my computer, studied the SPA manual, gathered up my data, and set to work on the analysis. Well, it wasn't easy. For starters, it takes longer than a day to get the data together. And it always takes much hair pulling and gnashing of the teeth to get any new computer program functioning correctly. (That's due to operator ignorance, not the program.) But it wasn't long before I had a roughed out version of my SPA analysis. Knowing some of my entries were not correct, I e-mailed my SPA file to Jim and he sent back questions regarding the required refinements. Then he sent more questions regarding my "misinterpretations" of some data entries. After several sessions of this, I finally ended up with my SPA analysis.

Was it worth it? Yes. Do I recommend it to others? Absolutely. What if you have crop production and other agricultural enterprises? Yes, in that case SPA is probably more important.

What makes SPA valuable is the allocation of expenses against revenue sources. In addition, it considers changes in one's balance sheet; it doesn't just look at cash in and cash out. So SPA is true financial analysis of a business enterprise.

How do I rate the technical books and program? Well, the program is crude. But it works, and like all programs you have to get familiar with it before it really makes sense, and that takes time. The SPA manual is actually a ring binder full of separate documents. Finding the answers to particular questions regarding certain aspects of the analysis is easy for Jim but difficult for the novice. What the documentation needs is a detailed index in the back that can refer users to key points. Also, the manual is written in professorese, a version of English no one uses outside of the ivory halls.

Complicated But Helpful

Overall, SPA is great. It is complicated, sure, more so than EPDs, but it is very helpful. If you use the suggestions in the manual for setting up your accounting program, that alone will help your management immensely in the future and make the SPA analysis easier to perform.

If you do not want to wait for the next group session in our area to do your SPA analysis and are willing to do it on your own, get in touch with Dr. Jim McGrann, Department of Agricultural Economics, Mail Stop 2124, Texas A&M University, College Station, TX 77843-2124, 409-845-1861 office, 409-845-2770 fax, and order your SPA manual and computer program today.

Oh, you're wondering about the results of the SPA analysis for northeast Texas and southeast Oklahoma? Well, no one knows the composite results except Jim, and he can't report them until he has at least 10 participating herds. I can report that all of the participants I contacted said they're losing money. So I bet it's unanimous. No matter how large--and some participants in our SPA analysis are big producers--or how small--and some participants are very small--everyone is hemorrhaging red ink.

Jim suggested that more of us should get into stockers. My response to that is the answer to margin improvement is not just stockers. The answer is less expensive yet equally or more effective inputs and more production per acre. This involves intensive grazing, more legumes, improved forages, 45-day breeding seasons, retained ownership, improved genetics and cross breeding, less equipment, and no hay, no cubes, no grain, and no licks. And it also involves less fertilizer, less herbicide, less mowing, less labor, and more cattle. This isn't simple, because it requires "nonconventional" management practices. Therefore, we have to learn how to increase the pounds of beef raised per acre and do it a lower cost. And believe it or not, between us all we have the answers. Alone, we're losers.

Why folks refuse to change their goal of selling the largest calf at weaning to a more comprehensive plan involving the things we must do to be profitable in today's market is beyond

Meeting Schedule

When: October 9, 1999
Time: 10 a.m.
Where: Eugene Haydon's Ranch
FM 2648 off Hwy. 271 N., Powderly, TX
Between CR 44400 and CR 44450
Food: Hosted Country Style Lunch
Event: Constructing New Zealand-Style,
High-Tensile, Low-Impedance
Electric Fencing Systems
Hosts: Texas Feed and Garden
Speed-Rite Fencing and True Test Scales
Cost: Free to All Attendees

me. Do those who refuse to change believe that if they changed and were profitable when cattle prices were low, they'd lose money if prices increased? Well, they need not worry. Low-cost management practices work in both low and high markets.

Lowdown on Ratios

I'm always learning something. Recently I learned something about ratios. It was that a lot of folks in the cattle business don't understand ratios. Some of us are born with mathematical brains. We love to calculate, and our brains delight in playing with the numbers. Naturally, we assume everyone else is the same. But there are others who don't take kindly to numbers. Instead they're better attuned to something else. So the non-number-oriented folks need more detailed explanations about ratios and their use.

In-herd ratios are a way of comparing performance. For instance, if the average birth weight for 50 calves is 80 pounds, a calf with a birth weight of 60 has a ratio of 75. The ratio is determined by dividing 60 (the individual's weight) by 80 (the average weight). A calf that weighs 100 pounds at birth in this herd has a birth weight ratio of 125.

In all cases a ratio is a percent of the average measurement. A ratio of 125 is 125% of the average. A ratio of 80 is 80% of the average.

Some folks have looked at birth weight ratios and assumed they were actual birth weights. They see 100 for a ratio and assume the calf weighed 100 pounds at birth. But the ratio is not the actual weight. Instead, a birth weight ratio of 100 means a calf's birth weight was the same as the average for all of the calves.

Weaning weight and yearling weight ratios are figured the same way. For instance, if the average weaning weight for 50 calves is 500, the calf that weighs 400 has a ratio of 80. The calf that weighs 600 pounds has a ratio of 120. So the weight of the first calf is 80% of the average or 20% less than the average, and the weight of the second calf is 120% of the average or 20% more than the average.

There is another factor that comes into play with ratios. For instance, at one RRVCA meeting an attendee asked, "If you're looking at a bull with a high ratio for yearling but a low EPD for yearling growth, which is more important?" The answer then and now is the EPD is more important. Here's why.

EPDs are derived only from in-herd ratios, not actual measurements. That way management and environmental factors are fully discounted and only genetic differences are measured. Therefore, with EPDs we can compare a bull raised in the South on grass directly with a bull raised in the North on corn. Sure the corn-fed bull from the colder climate will always be heavier per day of age, but if the growth EPD shows the Southern bull has better growth genetics, in the same environment and out of cows that are genetic equals, calves by the Southern bull will outperform those by the Northern bull.

In-herd ratios only measure relative performance within a contemporary group. A contemporary group consists of calves born at about the same time, raised on the same pastures, and with the same feeding and health programs. Yes, many ranches have more than one contemporary group every year. And a contemporary group may represent exceptional, average, or poor genetics or a mixture of genetic capabilities.

Looking for a Superior Bull

So, let's assume we visit three different ranches (A, B, and C) and view a group of bulls at each ranch. Within each group there are bulls that performed above and below the averages for their group.

For simplicity let's focus only on yearling weight. Assume that at A the average yearling weight is 800 pounds, at B it is 900 pounds, and at C it is 1,000 pounds. At each ranch you identify the bull with the highest ratio, and in each case the ratio is 115.

Which bull has the best genetics for growth? The bull from A, B, or C?

If you guessed the bull from C you could be wrong for two different reasons.

C may have better pastures, a better health program, and maybe it got more rain than the other two ranches. And maybe at C they fed a high-energy ration during the post-weaning period. Over at B they received more rain than A and fed some grain to keep their bulls on a positive plane of nutrition. At A, sure enough it was a tough year, the grass was short and they did not feed grain to their bulls.

When we buy bulls, we buy genetics. The environment and management under which a bull is raised has next to nothing to do with the genetics he'll pass on to his calves. So now, how do we handle the environmental and managerial differences that impacted the performance levels at the three ranches we visited?

We could just arbitrarily add 50 pounds to A's yearling weights and subtract 50 pounds from C's yearling weights. That makes the hypothetical average yearling weights 850 at A, 900 at B, and 950 at C. Now which one of the three bulls, the ones with 115 ratios, is genetically superior?

We still don't have a clue because there is no basis for our hypothetical adjustments.

The second reason we could select an inferior bull based solely on ratios is that there could be major differences in the genetic foundations for the contemporary groups at the three different ranches. Ranch A could have far and away the best genetics for growth, followed by B, and then C. Therefore, a bull with a ratio of 100 at A could be significantly better than a bull with a ratio of 115 at C!

This is why EPDs are important. EPDs are constructed from the ratios from literally thousands of different contemporary groups. Therefore, they take into account the performance of an individual, the genetics of its ancestors, and the differences exhibited by closely related individuals in other herds from around the nation. And in the process, EPDs separate out environmental and managerial influences.

When I look for bulls, I want exceptional EPDs supported by good in-herd ratios. And that's how ratios are used in the selection process.

Who's on Your Side?

Just who is on the side of the folks who actually raise beef? It's the folks who put up the money, own the cattle, and feed them. There's nobody else. The feed store, the auction barn, equipment dealer, Extension, and all of the other service and product providers do not put up money to raise beef. Instead

they profit off you, the beef producer.

RRVCA is an organization of cattlemen. Its objective is to improve individual financial performance. It does this by stimulating change and by introducing new ideas. To help accomplish change, it brings cattlemen together so they can share ideas, experiences, and solutions to various problems. Plus it gives them an opportunity to actually work together and make new friends with common interests.

At times in the past I've been hard on Extension. And like any organization, no matter what, Extension will always have its pluses and minuses. For instance, a big plus is its SPA program created in conjunction with the NCBA. But RRVCA's promotion of a SPA program is another example of where I really wonder about organizations such as Extension and the Noble Foundation.

RRVCA led the way for a local SPA program. Jim McGrann persuaded Noble and various Extension entities to join in on the program RRVCA promoted. Both Noble and Extension seemed positive about it, but neither organization brought in even one producer. Yet immediately after the RRVCA promoted SPA program they announced programs of their own.

I find it strange that those organizations are willing to use RRVCA to further their own interests, but they don't make an effort to promote and support RRVCA. Does this go back to the comment to me from a higher up at TAMU Extension about competing in the free market system? Is Extension worried that cattlemen may find out they can learn more on their own by working together and by using private sector consultants and advisors than they can from a government entity that hovers over the industry like some kind of an all-knowing Godfather? I don't know of any other industry that has government instructors stationed all over the country to always be on call to tell "professionals" in the private sector how to get the job done right. And there is no other industry that is suffering from such huge losses.

During the past 12 months Extension has never tried to coordinate any of their cattleman events with RRVCA. It has always been the other way around. And for sure, Extension has never tried to work with RRVCA in promoting some practices that lead to significant cost reductions and increased production, even though those ideas are gaining acceptance with progressive cattlemen elsewhere in the nation.

Extension Serves All

Of course, one aspect of Extension is that it serve everyone. That means it owes an equal allegiance to suppliers and service providers as it does to the beef producers. So some aspects of change for our industry must be strictly off limits for Extension. For instance, you won't find it openly calling for the Paris Bull Sale to make some improvements. Nor will Extension go on the bandwagon over retained ownership, minimizing hay, ending supplementation, etc.

And maybe strangest of all in terms of who is on whose side are some cattlemen themselves. Many cattlemen are so sensitive to even the slightest suggestion of change (no matter how positive and how uplifting), they would rather see RRVCA wither and die than for it to be successful. I've been told hundreds of times, starting at the very beginning, that RRVCA would not work. And the negative folks have used everything RRVCA has tried, said, and accomplished as additional reasons for why the organization is a waste of time or a bad thing. Yes, RRVCA has been damned by them for what it does and damned by them for what it doesn't do.

If RRVCA does not survive, the naysayers will say "I told you so." In other words, they were right all along and the attempt by RRVCA to build something that works positively for everyone was wrong and/or ridiculous. And, of course, the naysayers will always say they didn't really care one way or the other about the organization. But that's a lie. Because for an absolute fact, not one naysayer has ever notified RRVCA to stop sending them the newsletter. And you can bet that every one of them got it, and RRVCA members and advertising supporters paid for it.

This issue of the *Cattleman's Newsletter* has been sent to all current and former members. That's a small group. And it may get smaller! So far, only 20% of the former members signed up for the new fiscal year. (Yes, the renewal notices were mailed late.) This means everyone will have to get with it or there may not be a reason to carry on. But the diehards can carry on. Instead of big doings, we can have small, private meetings at different ranches to see and discuss various options for improvement. And we can still have speakers at these events. How about it? Are we building something or letting it die?

Minerals and Salt

This commentary on minerals and salt is an example of how an RRVCA membership can pay for itself. I've talked privately with some folks about minerals but have not yet discussed them in the newsletter. And I must emphasize that most of what I know about minerals I learned from Dick Diven, president of Agri Concepts, Inc., 12850 N. Bandanna Way, Tucson, AZ 85737. His telephone number is 520-544-0864, and his e-mail address is rhdiven@aol.com. He is a private sector, cattle nutrition guru of the highest sorts. It would be great if he could come to our area and give us one of his classes. From actual experience, I can tell you his classes pay back big dividends almost immediately and give his students a whole new managerial perspective to raising beef.

Cattle, like all living things, need certain minerals. And for the most part those minerals are provided by the grass, because the grass needs many of the same minerals. Not only do cows need all of their required minerals for peak performance, but the mineral balance is more important than just having lots of minerals. This is why Dick talks about studies which show that cows receiving no minerals perform as well as cows that get excessive minerals, yet the cows that get exact mineral supplementation outperform the other two groups.

To determine a cow's exact mineral need, one must start with a chemical analysis of the grass taken at various times dur-

ing the year. The forage analysis must provide data on the micronutrients, which most hay sample tests do not provide. Then the analysis is matched up with the nutritional requirements of the cow. My personal experience with these tests is that except for salt, most of the minerals needed by my cows is provided by the grass. In fact, if I had minerals made up specifically for my ranch, by volume they would contain 95% salt and 5% of two or three other minerals.

So, when I look at the label on the sack of minerals I buy at the store, I see it contains a lot of stuff my cows don't need, and it only contains at most 14% salt. I could special order an exact mineral mix for my ranch. But the minimum order is larger than I want to take on by myself. What I need is a neighbor who has tested his grass and found it to be similar to mine, so we can share in a bulk order. Since I don't have a neighbor to work with me on this, I've done the next best thing. I buy sacks of the regular granulated mineral and sacks of 100% granulated salt. I put both the mineral and the salt in the mineral feeder side by side. The cows take what they require. Over time I've found that my cows go through about three or four sacks of salt to every sack of mineral. And if anything runs out first, it's the salt. So my salt-to-mineral-consumed ratio could be higher for salt if the salt didn't run out so often.

Obviously, the mineral companies want to sell mineral. A sack of mineral costs $12, and a sack of salt costs $3. So if the mineral doesn't have enough salt in it, the cows consume far more mineral than they need to get the salt they require. That increases the mineral bill, which increases the unenlightened cattleman's costs. If 100 cows and their calves go through 80 sacks of mineral a year, the mineral tab is $960. If 20 sacks of mineral and 60 sacks of salt are used instead, the tab is $420, a savings of $540 a year.

More Membership Dividends

Will this one idea pay for your annual membership in the RRVCA?

If not this one, how about the fencing demonstration sponsored by Texas Feed and Garden (785-4128) at Eugene Haydon's ranch on Saturday, October 9 starting at 10 a.m.? I've been to quite a few fencing demonstrations and I've learned something at all of them. Plus it's another chance to get more acquainted with similar folks who are trying to do better. Oh, yes, the exhibitors at the fencing demonstration--the folks at Speed-Rite fencing and True Test scales--are thinking about forming a "value-added" alliance with the RRVCA along the lines of the alliance RRVCA has with Hitch Enterprises. (When an RRVCA member feeds cattle with Hitch, RRVCA receives $1 per head and so does the feeder.) An agreement with an electric fencing and electronic scales outfit could be another money-saving alliance exclusively for RRVCA members and an added way your annual membership can pay big dividends.

Another dividend with your RRVCA membership is this newsletter. Have you noticed what has happened following the commodity article in the September issue? Hint: The stock market has been coming down and commodities have been going up! Market calls like that can make an RRVCA membership the best offer you've had all day. (Generally rising commodity prices benefit folks who practice retained ownership. And they will eventually benefit everyone who owns livestock.)

Or how about the article by H. Duane Adams, Adams Farms (903-886-3416), on rye, vetch, and peas in this issue of *Cattleman's Newsletter*? Buying seed like that in bulk and scattering it around on your ranch can pay huge dividends with stockers. A good time to do it is anytime in October, even into early November. Adams Farms is the only local supplier of bulk rye that I know of.

Recruit to Ensure Healthy Future

It's been addressed at the meetings and in letters to the members, and that's recruitment. To build an organization like RRVCA, members must recruit like-minded participants. Two of RRVCA's staunchest supporters have recently fallen quite ill. They are Don Elem and Hal Tomblin. After receiving their renewal notices, both of these men called me to apologize for not being able to do more. They think RRVCA is real important. I think they're right, and I've poured much energy and money into trying to build RRVCA into something that can work for everyone. Ironically, no one else called.

Folks, RRVCA is not Extension, it's not Noble. It's you and I and our neighbors who are beef producers who want to work together to become better producers.

Before I close, I want to remind those of you who are now former RRVCA charter members, that unless you rejoin the association or subscribe to this letter, you will not receive the letter in the future.

Remember, in time we want to be able to boast that the finest cattle in North America are raised in northeast Texas and southeast Oklahoma. Also, we want to be known as the finest, lowest cost beef producers in America if not the world. That's what the RRVCA is all about, and according to SPA we've got our work cut out for us.

The RRVCA is an educational, marketing, fellowship organization that will work for you--but only if you act. Improvement doesn't happen without commitment.

This personal notes column is just that, a personal note. It is editorial and Ted Slanker's viewpoint. Letters to the editor regarding any aspect of the beef cattle business are more than welcome. In fact, the more the merrier.