

In this week's e-mail we will discuss the current trends of cattle prices and where the prices are projected to be a year from now. Currently, cattle prices are decreasing yet again due to the poor weather conditions and lack of rainfall across the country. Unfortunately, prices for the last quarter of this year are expected to drop even further and average lower than the last quarter of 2011. After seeing what prices did this spring as a result of last year's drought, many experts are predicting high cattle prices in 2013. If weather conditions are more normal in 2013 than they have been in 2012, calf and yearling prices are expected to be highest in the last half of the year.

Based on these predictions, we feel it is wise to look into the future when making management decisions. If you have ample pasture available and access to hay and/or supplement for this winter and next spring, you may want to consider keeping the calves that you would typically plan to wean this fall. Though the thought of feeding calves through the winter may not sound like the most ideal scenario, Derrell Peel, Oklahoma State University extension livestock marketing specialist, presented the following example that presents a different perspective on the issue:

July steers weighing 525 lbs. were averaging about \$140/cwt in Oklahoma. Adding 225 lbs. at 1.5-2.0 lbs/day would generate a 750-lb steer by November. The November Feeder Futures price at the time was \$144.90/cwt. With a zero basis, the gross margin was roughly \$350/head or a value of gain of \$1.56/lb.

Below we have calculated a similar scenario for August-March calves:

August steers weighing 526 lbs. averaged about \$157/cwt in Oklahoma. Adding 224 lbs. at 1.0-1.5 lbs/day would generate a 750-lb steer by March. The March Feeder Futures price at this time is \$152.9/cwt. With a zero basis, the gross margin was roughly \$320/head or a value of gain of \$1.45/lb.

To read the full articles mentioned in this e-mail, visit:

<http://beefmagazine.com/stockerbackgrounders/value-gain-sky-high>

<http://npaper-wehaa.com/western-livestock-journal/2012/08/17/?article=1656441>

We would love to hear how you are managing your herd due to the drought and how you are planning for the coming years. Please contact Laura at Henderson County Veterinary Hospital if you have any feedback or questions, or if you would like to learn how to do the calculations used above.

Delaying cattle marketing is just one of several recommendations we have for how you can best prepare for the next several months. Stay tuned for future e-mails that will include other recommendations.

Thanks,

Jesse Richardson, DVM

Henderson County Veterinary Hospital  
(903)675-5613