



Biography:

Dr. Colin Palmer is an Associate Professor of Theriogenology (Animal Reproduction) at the Western College of Veterinary Medicine. Originally from Nova Scotia, Dr. Palmer worked in mixed practices in Ontario and British Columbia and has owned/operated a practice in Saskatchewan. Dr. Palmer along with his wife Kim and children Lauren, Emily and Carter run a herd of purebred Red Angus cattle under the KC Cattle Co. name.

A downturn in prices, feedlot closures, and general beef industry volatility are sure knocking the heck out of the excitement that was felt by the industry just a year and a half ago. Already the “Has-bins” and “Never-was-uns” are adding their two-cents worth saying, “I am sure glad I don’t have any cattle this year!” I am glad most of them didn’t have any cattle in 2015 either! Simple rule – don’t listen to them. Instead, focus your efforts on developing a plan for your herd based on numbers that you can make work and take some time to learn about opportunities for beef producers; especially, with a view to market predictions for the next few years.

A check of the Province of Saskatchewan Weekly Cattle Market Update (based on the Canfax Market Outlook and Summary) shows the average price for a 500 - 600 pound steer April 10, 2015 was \$327.17 (\$/cwt); for the week ending October 14, 2016 it was \$177.75 (\$/cwt) – a decline of 46%. In gross dollars for a 550 pound steer that pencils out to \$1799.44 in 2015 verses \$977.62 this fall – a big difference. Can you still remain profitable? What influences your profitability? What can you do to improve profitability?

A huge factor determining profitability is cost of production. For many of us feed is in abundant supply and cheaper than it has been for years. All thanks to Mother Nature and the basic market forces of supply and demand. A growing number of producers have already been cutting costs in recent years through extended grazing seasons and exploring cheaper ways to overwinter cows. Herd sizes have grown substantially over the last couple of decades with a view to increased efficiency gained through economy of scale. If you have paid too much for replacements a couple of years ago then it is going to take you longer to pay them off. Hopefully, their cost can be offset by less expensive replacements acquired before, or even after the boom.

As I continually preach - it still makes sense to cull inefficient cows. The largest determinant of profitability is pounds of calf weaned per cow. Although the price decline for cull cows is 40% from spring 2015 to present a 150 pound lighter steer calf born 60 days later than the first calves will gross \$763.32 (400 pounds @ 190.83/ cwt); a difference of \$214.30 when compared with the 550 pound

steer used in the example above. However, both calves have essentially the same cost of production. In today’s market a 1300 pound cull fetching (D3 Live @ \$79.25 cwt) \$1030.25 will go a long way toward a purchasing a better replacement that hopefully has the potential to clear the inefficient cow deficit in just one year. Remember bred replacements will be cheaper too. All indications point to the bottom of this price cycle occurring in 2018 or 2019 so the forecast for “Betsy the Tail-ender” will not be improving any time soon.

What about your marketing plan? With lots of feed around maybe backgrounding and finishing should be considered? I can’t predict what prices will look like in 2017, but with cheap feed maybe it is worth trying to put some extra pound on those calves. Market predictions I have looked at are favorable for creep feeding and backgrounding.

In my opinion there has been no better time in recent years to retain good heifers! Their value is lower than it has been for some time and their first calves will not be hitting the market until the fall of 2018 with their best years occurring during the price incline of the next cycle. To date, cow-herd re-expansion has not occurred on a national scale largely stymied by uncertainty in the industry. These females will pay off in the future! Other ways to add value to your herd are to ensure that your calves are castrated, weaned appropriately and properly vaccinated. Sick cattle do not perform well with losses easily outweighing the costs of a vaccine program. There are a couple of different programs promoted by veterinary pharmaceutical companies that may interest you and could add value to your cattle – just ask your food animal veterinarian for details.

Most of us will have to market some of our calves this fall. The bigger calves will bring more money while the cost of gain on the smaller calves is low enough in most circumstances to warrant keeping them for a while to put some pounds on. Take advantage of opportunities! If you have an overabundance of feed you may be able to purchase additional calves or custom background. Retaining ownership through all phases of production could also be in your future.

A Breeder's... Veterinary Perspective

A Glass-Half-Full Perspective