Canadian Luing Cattle Association Newsletter

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Message From The Secretary

In this edition I have included a couple of articles on different aspects of the current beef industry situation in Canada which I hope you'll find thought provoking!

The Ongoing Need for Maternal Genetics *- Iain Aitken*

While the boom in cattle prices over the last couple of years has been a joy to behold it brings with it a considerable amount of risk. Where I see most risk is in purchasing female breeding stock, and particularly bred replacement heifers at current values. For the purposes of this article I looked through the November auction market reports for a single mart in Alberta going back to 2021 and found the following prices:

2021 Good bred heifers $2000
550lb good steer calves $1210
1200lb D1-2 cull cows $840

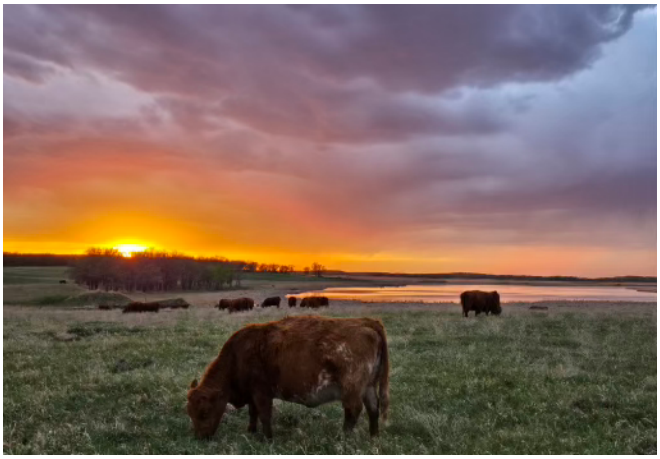
2022 Good bred heifers $2200
550lb good steer calves $1375
1200lb D1-2 cull cows $1080

2023 Good bred heifers $3600
550lb good steer calves $2200
1200lb D1-2 cull cows $1560

2024 Good bred heifers $4650,
550lb good steer calves $2750
1200lb D1-2 cull cows $1920

As well as illustrating just how far prices have increased we can see that the prices of the different categories of stock have increased somewhat in parallel. I don't want to talk the market down but at the same time we have got to be realistic and acknowledge that it is unlikely to continue to steadily increase, or even to maintain current extreme highs. I would like to think that when cattle prices do drop the decline would be no more than a third of current values. That sounds like a huge drop but the resulting prices would still be 50% more than they were five years ago, and for many years before that.

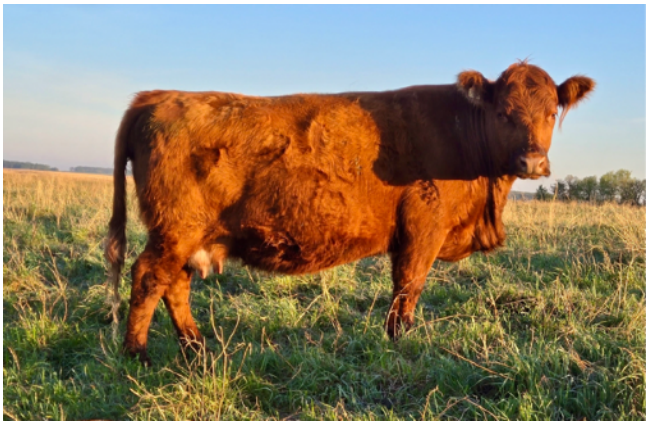
My concern with these high priced bred replacement heifers is the potential value loss on the ones that don't work out. Purchased bred heifers are always a risk. Apart from the obvious risks of her first time calving and getting rebred the heifer often undergoes the challenge of moving to a different location/ environment, change of management and change of feeding regime. Despite the best efforts of breeders there are some heifers from every breeding program that just don't work out - not all heifers are destined to be productive, long lived cows. If a $4650 bred heifer has a dead calf and is culled from the herd that might be a $2700 value loss at current values but a $3800 loss if cull cows were to drop back to 2021 levels. Admittedly heiferette prices are somewhat higher than cull cow price but what if the expensive bred heifer loses her second calf instead of her first?



We all like to look at a healthy group of bred replacement heifers and hope they will have a long and productive life but industry average statistics don't support that. I read some research recently out of South Dakota that showed heifers calving in the first 21 days of the breeding season remained in the herd for 5.1 years on average compared to 3.9 years for heifers calving after the first 21 days. Neither of these are great averages but it appears to be the reality when breeding records are accurately scrutinized. If cows were remaining in the herd for 10 years on average instead of 4-5 there would be less risk in buying high price replacement heifers.

What is further escalating the risk at the moment is the greater than normal amount of what I'll call "speculator" heifers being offered for sale. These are heifers bought out of the feeder cattle rings in the spring, run with a bull and marketed as bred heifers in

the Fall. I'm not in any way criticizing this as a business strategy as financially it will have been a resounding success as the markets have moved up. I would imagine many of these heifers are being increased in value by $1500-$2000 a head over eight months on grass which is unheard of historically in any kind of grassing yearlings operation. I have read some recent sale reports of bred



commercial heifers reaching as high as $6000 which would leave even more margin for the seller and even greater risk for the purchaser.

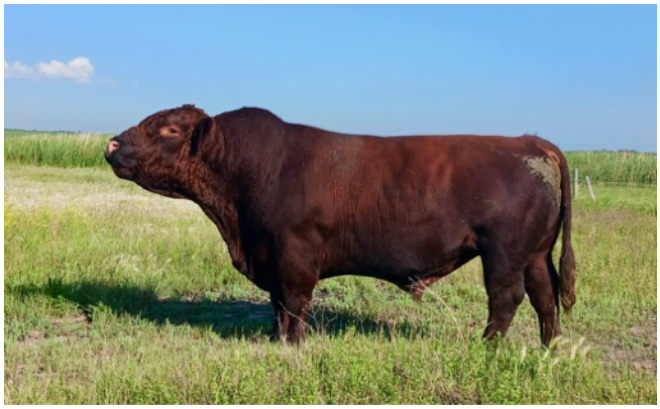
As I have already said my concern isn't with the people making money out of this opportunity - it's with the quality of the replacements being added to herds. Some of these heifers will no doubt make outstanding cows but if they are just a put together group of same weight, same colour auction mart heifers what surprises might they bring? What are the genetics? Are they a product of a planned maternal breeding system or are they discarded byproducts of a terminal breeding program? Are they heifers that were sold because their mothers had poor udders, feet or fertility? If they originate from more than one herd does this bring increased disease exposure risk? Human nature tends to influence buyers to pay the most money for the biggest heifers. While it's comforting to think the heifers you bought are big enough to calve easily will they mature at a size that is above optimum for cows in your ranch operation?

With calf prices so high there is a temptation not to pay as much attention to efficiency and to not keep as tight control on input costs as in the past. Current calf prices probably do leave ample margin to carry a cow 300lbs over the optimum weight for your land resources. My concern is that ranchers purchasing these most expensive heifers ever might be setting themselves up for the perfect storm - entering a period where cattle prices return to more normal levels with a cow herd that is ill-adapted to efficient production in a lower price environment.

The best way to avoid this risk, in my opinion, is to buy replacement heifers from a proven, long-term breeding program. These would be one iron, known health status heifers of a biological type that compliments your land resources and breeding objectives. My bias is always to use F1 females if at all possible to maximize heterosis, fertility and longevity. Obviously this type of heifer is particularly expensive in the current

marketplace which begs the question - should you even try to buy them or should you breed your own replacements instead? Breeding your own replacement heifers offers a lot of advantages. The health advantages of a closed herd, cattle that are adapted to your land and management as well as putting yourself in control of the genetics are just some of them.

While we don't generally sell replacement heifers ourselves as we are concentrating on expanding the purebred Luing population in Canada we do sell bulls. These bulls can provide a component part of a successful crossbreeding system. They can sire the F1 females that have proven time and again to be the most efficient and most profitable workers in beef production systems. As Canadian Luing have never been selected for anything other than maternal characteristics and never selected under anything but 100% commercial conditions we feel they have much to offer ranchers who are in this business for the long haul. Best of all the bulls we sell will cost you less than a commercial bred heifer is currently trading for! Surely that is the epitome of value for money?



Are "Corn Cows" the Future?

Iain Aitken

There is an emerging trend in beef cow production in Western Canada that has potential implications for both the size of the national herd and the type of cow required. The new system is based around the corn plant - not just utilizing corn silage or grain corn as winter feed but rather using it as the basic year round feed.

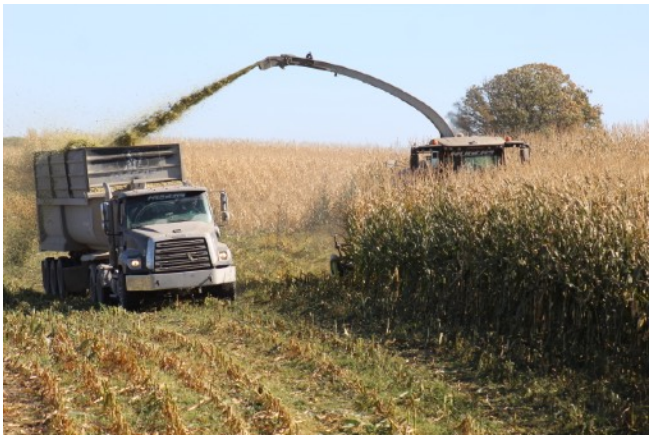
The Ference family in east central Alberta seem to have been one of the pioneers of this system in Canada. They have expanded their cow/calf and feedlot operation substantially by devoting the entirety of their crop land to corn production. Their 5000 cows overwinter by grazing standing corn from September to May and the crop also provides high moisture earlage, corn silage and grain corn to use in their 12,000 head feedlot.

While this may seem like an extreme and unusual strategy it does make a lot of sense to me on a number of fronts. In my limited experience of growing corn for winter feed since moving to Manitoba I have found it to be an amazing plant. As a warm season annual it is well adapted to utilizing the heat and sunlight we get on the Prairies during our short summer. Being a C4 plant it is more drought resistant and a more efficient user of water than traditional C3 Annual crops like oats or barley. The month of July demonstrates the

growth rate and volume of production that corn can achieve, going from knee high at the start of the month to 9 feet or more by month end! No other Annual crop can match the tonnage of feed produced by a good corn crop.

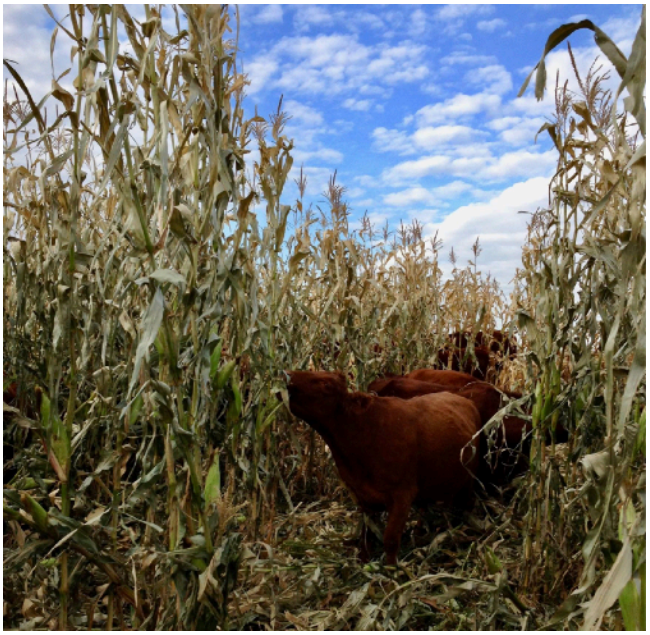
This high level of production per acre is the driving force for more corn dependant cattle production systems. Over the last decade a huge number of acres on the Prairies have been converted from pasture and hay land to Annual crop production driven by a dwindling cattle herd and higher grain and oilseed prices. With the price of land skyrocketing through the same time period it makes sense to intensify land use for cattle production. With corn production it is possible to produce hundreds of cow days per acre versus the maybe 30 per acre that a typical overgrazed pasture will produce. Hay production to feed the cow herd seems a particularly inefficient use of land in the way it is often practised. With older, depleted stands of hay sometimes only producing one large bale of hay per acre it would take 6 acres to winter a dry cow versus half an acre with a 15 ton to the acre corn silage crop. There is no free lunch of course and getting high levels of production off the same land requires a lot of fossil fuel based inputs. However once you have grown a large crop of corn and can graze it with cattle or spread manure back on the land, requirements for subsequent crops are reduced. We have found the deep roots of the corn plant to be a great soil improver.

The next progression in some of these corn based operations involves “dry-lotting” a proportion of their cow herd on smaller blocks of pasture through the summer and delivering their entire ration to them with a mixer wagon. While this seems to be a new system for Canada I understand that it has been practised for a while in places like Iowa and Nebraska where they have extremely high land prices and favourable conditions to grow corn. Many American cattle operations in the Midwest/Northern Plains base their winter feed program on grazing corn stalks once the grain has been harvested. In summer the cows would typically go to pasture but if it that is unavailable or too expensive the cows could remain in a drylot and be fed mechanically harvested feed.



I pass a feedlot operation occasionally that runs their cow herd on quarter section blocks with all their feed supplied to them in summer. It is notable that all the operators that I’ve seen run such systems also have feedlots. Whereas the traditional

rancher is often a sole operator the feedlots have a squad of workers so daily feeding year round isn't such a burdensome chore. There will also be an efficiency saving to feeding more cattle per day when they are already paying the workers and running their feeding equipment in the feedlot anyway. Another advantage of dry-lotting the cow herd is that it might save the ever increasing haulage costs of trucking pairs to pastures that are a distance from home. As this dry-lotting will occur through the breeding season for spring calving cows it might also avoid the challenge of finding and treating lame or injured bulls in a bush pasture far from home.



I can't help but wonder if this isn't the way our industry is moving? Large scale cow herds attached to feedlot operations replacing the ageing demographic in traditional ranching. Having a team of workers on hand would also make calving on a large scale a viable proposition even during winter weather conditions. Other advantages I see that would support further expansion of this system are ongoing improvement in corn genetics and development of varieties that require less heat units and less days to maturity. If the climate is really in a warming pattern this would allow corn to move north across an expanded area of the Prairies. The fact that some corn is already being grown in the extreme north of Alberta some 900 miles north of the US border, albeit in a micro-climate, indicates the potential. Crop insurance also offers far better coverage for corn crops than that available for hay, greenfeed or pasture.

There are of course potential downsides to a corn based system. I read that the Ference operation in Alberta had 10,000 acres of corn wiped out by a severe hail storm last year. While that was extremely unlucky it does highlight one risk of having all your eggs in one basket. I would imagine there must also be considerable agronomic risk in growing one crop continuously on the same land. A couple of concerns I have would be the risk of dust pneumonia in calves that are dry-lotted versus on pasture. The second would be the effect of losing plant diversity in the cows grazing diet and the impact of that on their mineral uptake. Can all mineral and vitamin shortages be amended successfully, longterm by products from a bag?
If this new method of running cows

becomes more popular it will be a fundamental change in the cow's role. Traditionally the beef cow only really justified it's existence by utilizing poorer land and lower quality forages. With a dependable abundance of higher quality feed the opportunity would arise to run a different type of cattle. Larger cows with faster growing offspring capable of producing very heavy carcasses could presumably be sustained.

While this might pencil extremely well at the moment how would it work financially at some point in the future if grain prices go through the roof and cattle revert to being money losers or barely profitable? Feedlot adapted cow herd genetics would not fare well if turned out on low quality pastures and expected to survive.

This is a development I am watching with great interest - it's not the way I want to run cows but it's an alternate system that may offer opportunity for others.

Canadian Luing Cattle Association

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