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## Dairy/Livestock

# Cattle on feed up, slaughter down

By CAROL RYAN DUMAS  
Capital Press



Capital Press file

Angus cattle lounge in a pen on a ranch near Merced, Calif., this spring. While the number of cattle on feed is increasing, beef production continues to decrease.

The number of cattle on feed in large U.S. feedlots on Aug. 1, at 10.0 million head, was up 3 percent year over year.

But placements and marketings in July were at their lowest levels for the month since the cattle on feed series began 19 years ago, according to USDA National Agricultural Statistics Service.

Cattle on feed numbers continue to give a false impression that the U.S. is producing more cattle. While the inventory is slowly building, the on-feed number is a management issue, said Derrell Peel, livestock marketing specialist at Oklahoma State University.

As for “the flow of produc-

tion out of feedlots, the story is the same as it has been for many months,” he said.

Feedlots are holding cattle longer to put on more weight, and fed cattle coming out of

feedlots continue to decline year over year, he said.

Year to date, slaughter is down 7 percent with beef production down 4.8 percent. Heavier finished weights are

making up some of the difference, he said.

July dressed weights, at an average 825 pounds, were up 19 pounds per head over July 2014, USDA reported.

July marketings of fed cattle, at 1.725 million head, were down 62,000 head and 3 percent from a year earlier. Placements in July, at 1.547 million head, were down 12,000 head, a 1 percent decrease year over year, NASS reported.

The July 1 cattle inventory showed a year-over-year increase in feeders outside of feedlots, up 1.8 percent, but that includes a 1 percent increase in the calf crop — much of which won’t be going into feedlots when weaned this fall, Peel said.

Feeder supplies are going to remain tight going forward

as cow-calf producers retain replacement heifers and imports of feeder cattle likely decrease, he said.

Drawn by high prices, both Canada and Mexico sent a large number of feeder cattle to the U.S. last year, at unsustainable levels, he said.

Canadian exports of feeder cattle to the U.S. were up 38.5 percent in 2014 to 495,000. But feeder cattle from Canada are down almost 3 percent year to date, suggesting imports will continue to moderate, he said.

“A big part of that is largely a function of shipping so many more last year,” Peel said.

In addition, the Canadian cattle herd is continuing its 10-year decline, down 2 percent from 2014 to 13.0 million head on July 1, he said.

Shipments of feeder cattle

from Mexico are also likely to moderate but so far have continued to surprise, he said.

Drought fueled large exports of Mexican feeder cattle to the U.S. — 1.42 million in 2011 and 1.47 million in 2012. Those numbers moderated in 2013 to under 1 million, but were up a bit in 2014 to 1.1 million, he said.

“They are up about 14 percent in the first half of the year, but I don’t think they can keep doing it ... it’s not sustainable and they can’t be building,” he said.

Relatively large imports of feeder cattle from Mexico and Canada have offset some of the tightness in the U.S. feeder supply the last few years. But moderating imports and herd rebuilding in the U.S. is going to continue to challenge feedlots, he said.

## Dairy-quality hay supply remains tight

By CAROL RYAN DUMAS  
Capital Press

Alfalfa hay production in the U.S. is forecast up slightly this year, but drought and untimely rains have already relegated much of it to low-quality feeder hay.

Forecast last week at 62,092,000 tons by USDA, 2015 alfalfa production is up 546,000 tons over 2014, but quality is a major issue in many areas.

Most of the U.S. experienced a wet spring with mild weather, great conditions for growing hay. The issue was getting it out of the field without being rained on, said Jessica Sampson, an agricultural economist with the Livestock Marketing Information Center.

“The general story across the U.S. is that high-quality alfalfa, dairy type hay, is pretty tight,” she said.

Both harvested and unhar-

### Alfalfa, alfalfa mixtures for hay

Area	Area harvested (1,000 acres)		Yield (tons)		Production (1,000 tons)	
	2014	2015*	2014	2015*	2014	2015*
Calif.	875	820	6.5	5.5	5,688	4,510
Idaho	1,090	1,030	3.9	4.1	4,251	4,223
Ore.	350	370	4.4	4.5	1,540	1,665
Wash.	420	420	4.7	4.6	1,974	1,932
U.S.	18,445	18,337	3.33	3.39	61,446	62,092

Source: USDA NASS

Capital Press graph

vested hay in many areas were subjected to soggy conditions, delaying harvest until hay was too mature for dairy quality or rained on cut hay before it could be baled, she said.

“In general, it was a difficult year to get that high-quality off the field,” she said.

First cutting alfalfa in the Northwest was challenged with frequent, untimely rains, with pervasive crop damage in Washington and Idaho, Northwest Farm Credit Services reported

earlier in the season.

More than half of the first cutting in the Washington-Oregon Columbia Basin was rain damaged. Idaho hay growers also experienced significant damage, with most of the first cutting in the Magic Valley of south-central Idaho either chopped or baled as feeder quality, the ag lender reported.

“Thunderstorms and sporadic rains created total havoc” this season, said Arie Roeloffs, a Wendell, Idaho dairyman.

### Alfalfa prices received

(Dollars per ton)

Area	June 2014	May 2015	June 2015
	Calif.	\$280	\$215
Idaho	220	165	185
Ore.	230	205	210
Wash.	220	200	195
U.S.	222	192	178

Source: USDA NASS

Capital Press graphic



Matthew Weaver/Capital Press file

Hay is baled in Eastern Washington in this file photo. The supply of dairy quality hay remains tight because of drought and sporadic rains that have damaged hay in the field.

up at the beginning of the year when prices started falling in response to decreasing exports, he said.

Some decent new-crop hay was available this season, depending on where the rain fell. There isn’t enough dairy quality hay available now, but the last cutting could change things, he said.

Alfalfa acreage is down this year and drought was an issue in some areas, but conditions in most areas led to higher yields and higher overall production,

Sampson said.

The mild winter and less need for hay combined with good growing conditions for all hay and the amount of rain damage has resulted in an abundance of low-quality hay and eroding prices, she said.

On a national basis, prices are in a downward trend for both alfalfa and grass hay, and the shortage of dairy quality hay hasn’t been reflected yet in prices. Dairy men have other options in the ration, she said.

## Workshops address drug-use changes

By CAROL RYAN DUMAS  
Capital Press

New restrictions on the use of antibiotics in food animals will mean significant changes in the way farmers, ranchers and veterinarians operate.

New Food and Drug Administration guidelines and expansion of the Veterinary Feed Directive will prohibit over-the-counter use of feed-grade antibiotics without a prescription and for anything other than to prevent, control or treat a specifically identified disease.

The changes have been thoroughly vetted on the feed and pharmaceutical side but not in producer and veterinarian communities, said Sheldon Jones, vice president of programs for Farm Foundation.

To bridge the information gap, Farm Foundation will be holding 12 workshops across the country over the next three months specifically aimed at meeting the needs of producers and their veterinarians, he said.

Among the workshops are one in Davis, Calif., on Oct. 13 and one in Twin Falls, Idaho, on Oct. 22. The new restrictions fully take effect in December

2016. The issue is probably on producers’ backburners considering other high-profile issues, such as EPA’s new waters of the U.S. rule, but implementation is not that far away, Jones said.

A long list of medically important antimicrobial drugs will no longer be allowed for growth promotion and will require a prescription, veterinary oversight and recordkeeping as opposed to over-the-counter mass distribution through feed and water systems, he said.

“It changes the landscape,” he said.

Prescription use of those drugs through feed or water systems will be allowed for therapeutic reasons, such as preventing shipping fever or avian influenza under specific conditions. But the restrictions will change many current production practices, he said.

Animal pharmaceutical companies have already agreed to change labeled uses, which will render those practices off-label and illegal, he said.

Some livestock producers, mainly pork and poultry producers who operate under company guidelines, already have these kinds of restrictions. But inde-

pendent beef and dairy producers might not be getting enough information or the correct information, he said. The workshops are being conducted to give them the information they need to get a business model in place, he said.

The information gap is partially regional, partially structural and partially in veterinarian-deficit areas, he said.

FDA and USDA officials will be present at each workshop, giving producers, veterinarians and feed suppliers an opportunity to discuss implementation and management challenges, said Mary Thompson, Farm Foundation vice president of communications. The organization is also conducting an online survey for producers, veterinarians and feed suppliers to gauge awareness of the changes and to learn more about potential implications.

Farm Foundation will be compiling comments from the workshops into a report assessing the economic and physical challenges facing producers in implementation. It will evaluate informational and educational needs, as well as veterinarians’ role in monitoring and managing antimicrobial drug use, she said.

## Cash dairy prices cool after big advance

By LEE MIELKE  
For the Capital Press

The global-U.S. price separation was even more pronounced last week, especially in butter where the spot price closed Friday highest level since Oct. 14, 2014, \$2.37 per pound, soaring 30 1/2-cents on the week, up 38 cents since Aug. 1, but still 45 1/4-cents below a year ago.

Global Dairy Trade butter was at \$1.1525 on Aug. 18. Only five cars traded hands last week at the Chicago Mercantile Exchange, as traders ignored the bearish July Milk Production report. But bad news in Friday afternoon’s Cold Storage report and losses on Wall Street Monday spilled into the CME where the spot butter fell

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4 3/4-cents and then lost 3 cents Tuesday, dipping to \$2.2925 per pound.

The “Great Fall of China,” as The Drudge Report put it, also pulled markets down around the world, though there was some recovery Tuesday.

Central butter makers report active demand, according to Dairy Market News. Cream availability is tight. Some raw milk shipments are clearing into the southeast for Class I demand, taking potential cream from standardization out of the region.

Cash block Cheddar closed Friday at \$1.74 per pound, up 4 3/4-cents on the week but 52 1/4-cents below a year ago. The blocks gave back 3 cents Monday and lost 4 on Tuesday, dipping to \$1.67, lowest level since July 28.

The Cheddar barrels finished at \$1.6950, down a quarter-cent on the week and 56 1/2-cents below a year ago. They plunged 6 1/2-cents Monday and lost a penny Tuesday, slipping to \$1.62. Only three cars of block traded hands at the CME last week and 16 of barrel. Twenty-two cars of barrel had already sold as of Tuesday this week and five of block. Both are still priced well above the GDT Cheddar at \$1.26 per pound.

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