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Drought Decisions

From the USDA cattle inventory numbers released January 31, it does not appear that very many beef cows were liquidated from Nebraska or Kansas ranches in response to the current drought. There has been some very welcomed precipitation in the past couple of weeks, but long-term weather forecasts generally are not very positive. Some producers, in areas severely impacted by the drought, are considering the need to liquidate all or a portion of their herds. Are there different time periods in a year when liquidating the herd will generate more net dollars?

According to data from Cattle-fax, cow-calf pair prices have averaged \$875 per pair the last three years in the April/May time frame. Bred cows in August/September over the last three years have averaged \$725 per cow. Calf prices in August/September for 400 lb. calves have averaged \$1.05 per pound. Adjusting for a five percent death loss of calves, calves have averaged \$400 per cow the last three years. Selling cows and calves in September has grossed \$1,125 per cow compared to \$875 in May. If you can feed the cow and calf for 120 days for less than \$250, you may be better off to keep them until fall. Depending upon forage availability and supplement program, it is likely that the cow and calf can be fed for less than \$1.50 per day, or \$180 for the 120 day time period.

Based on these numbers, I would recommend producers cull and sell any cow that does not have a live calf after calving season, but keep the rest and pray for rain.

The Markets

Slaughter cattle prices were \$2 higher in the southern plains, with the bulk of the trade occurring at \$81-82. Prices were higher in the north as well, with slaughter cattle prices at \$126-127 dressed. Boxed beef prices were higher for the week and the Choice-Select spread increased. Feeder cattle prices were generally lower in Kansas and Nebraska for 700 lb and heavier cattle and calf prices were steady on a small volume.

| | Last Week | Previous Week | Last Year |
|---|----------------------|--------------------------|----------------------|
| Kansas Fed Steer Price, live weight (35-65% Choice) | \$81.67 | \$79.28 | \$71.88 |
| Neb. Fed Steer Price, dressed weight (35-65% Choice) | \$126.26 | \$122.82 | \$113.00 |
| 700-800 lb. Feeder Steer Price, Kansas 4 market average | \$78.80 | \$81.06 | \$84.62 |
| 500-600 lb. Feeder Steer Price, Kansas 4 market average | \$93.87 | \$93.29 | \$97.85 |
| 700-800 lb. Feeder Steer Price, Neb. 7 market average | \$79.81 | \$81.44 | \$85.58 |
| 500-600 lb. Feeder Steer Price, Neb. 7 market average | \$97.90 | \$97.97 | \$103.92 |
| Choice Boxed Beef Price, 600-750 lb. carcass | \$130.40 | \$128.38 | \$119.46 |
| Choice-Select Spread, 600-750 lb. carcass | \$6.06 | \$5.87 | \$3.92 |