

Range Beef Cow Symposium XX

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Production Systems

by **Troy Smith**

FORT COLLINS, Colo. (Dec. 13, 2007) — Expansion of the ethanol industry is having a major effect on all of agriculture. According to University of Nebraska animal scientist Terry Klopfenstein, the effect on cattle feeding may be the greatest that segment of the cattle industry has seen in 40 years.

Klopfenstein told the Wednesday morning audience at the 2007 Range Beef Cow Symposium that ethanol-related changes to cattle feeding economics have raised questions about which kind of production system is most suitable.

With the availability of relatively cheap corn, the industry had seen a growing share of cattle enter feedlots as calves rather than yearlings. Klopfenstein said the practice had grown to where up to one-third of finished cattle were calf-feds. As ethanol's demand for corn drove prices higher, there was incentive to utilize forages to put more weight on cattle before they go to feedlots.

What if corn prices remain high? Believing the industry needs to be prepared for that possibility, Klopfenstein and his colleagues summarized eight years of research comparing calf-feds to yearlings and the effects of corn price.

The data suggest something different than what many cattle feeders suspect. Analysis suggests that whether corn is priced at \$2.50, \$3.50 or \$4.50 per bushel, feeding yearlings is more profitable than feeding calf-feds. Increasing corn price generally has little effect on the profitability advantage of yearlings.



► Terry Klopfenstein

“Corn price will affect the price of feeder cattle,” Klopfenstein admitted, “but it is not clear that there will be large profits for backgrounded cattle — putting more of the weight on with forages, residues and byproducts. We just don't have good historical data at high corn prices to make predictions, because we haven't had high corn prices.”

For a rancher wondering whether it is more profitable to market calves or yearlings, the answer depends of the type of cattle. Lighter-weight cattle, like those born in late spring or early summer, fit a yearling

system best. Other considerations for having a successful system include the availability and cost of grazed or harvested feed for the winter, and the cost of grass.

Klopfenstein said pasture rental rates have increased and are likely to climb higher. He also advised consideration of whether supplementation on grass would be needed to achieve expected summer gain. And transportation costs for harvested feed or hauling cattle to and from summer pasture must be added to the total.

The choice of production system will depend on the resources individual producers have at hand, Klopfenstein concluded.

The cooperative extension services and animal science departments of Colorado State University, South Dakota State University, the University of Wyoming and the University of Nebraska hosted range Beef Cow Symposium XX. The symposium was at the Larimer County Fairgrounds and Events Complex, Fort Collins, Colo., Dec. 11-13. Additional coverage of the conference is available at www.rangebeefcow.com.



Editor's Note: API coverage of the Range Beef Cow Symposium XX is made available for distribution to all media via an agreement with the Range Beef Cow Symposium Committee and API. Headquartered in Saint Joseph, Mo., API publishes the Angus Journal and the Angus Beef Bulletin, as well as providing online coverage of events and topics pertinent to cattlemen.