



THE LEADING EDGE

CATTLEMAN

Mississippi/Alabama Cattle Producers



April 2004
Volume 6, Issue 20

In this issue:

- Embryo Transfer
- Cattle Market Update
- National Cattle ID
- Beef Cattle Short Course

Leading Edge Cattleman Program

Mission Statement:

“To improve profitability, management skills, and cattle of beef producers in participating counties.”

**County Cattlemen’s
Association President**

County Extension Agent

**Leading Edge Participating
Counties:**

Alabama

**Bibb
Fayette
Greene
Hale
Lamar
Pickens
Sumter
Walker
Tuscaloosa
Marion**

Mississippi

**Chickasaw
Clay
Lee
Lowndes
Monroe
Noxubee
Oktibbeha
Webster
Winston
Calhoun**

**EMBRYO TRANSFER A COMMON
PRACTICE AT RAY CATTLE
COMPANY**

By: Bobby Wallace, County Extension Coordinator,
Marion County

Hackleburg, Alabama is a tiny little town in north Marion County, Alabama, best known as the hometown of country music star Sonny James, “The Southern Gentleman.” He is not the only “Southern Gentleman” that can be found there, for at Ray Cattle Company, owner Paul Ray and farm manager Kyle Norris both fit that description.



Kyle Norris and Paul Ray look over some of the ET heifers that will be in their May 1 sale.

They have incorporated Embryo Transfer (ET) as a common practice at Ray Cattle Company in Hackleburg, Alabama. They have both become quite familiar with the steps necessary in working with ET.

Although cattle have been on Mr. Ray’s farm for many years, he has had purebred Angus cattle since 1998. Prior to that, he had a commercial herd, with a Santa Gertrudis base. From the beginning in 1998, the herd grew quite rapidly, and in 2001, they found themselves with a lot of cattle in a lot of different pastures, with a bull in each pasture. The decision was made to reduce the size of the operation, and get a better handle on the breeding program.

As a result of this decision, a herd reduction sale was held in 2001. They saved only 20 of the top purebred cows and 30 of the top heifers. That fall, they began the ET program, buying donor cows and recipient cows.

After donor cows are selected, they are synchronized for heat, injected twice daily for four days with fertility drugs, and then artificially inseminated two days later. On day 7, the embryos are harvested.

When the cows are put into the chute for embryo harvesting, they are given an epidural so they are calmer in the chute. The flushing fluid is then delivered into the uterus and drained through a filter so the microscopic embryos can be captured. After the embryos are captured, they are graded as 1, 2, or 3, where 1 = excellent or good, 2 = fair, and 3 = poor. Kyle noted that a lot of grade 2 embryos will produce heifer calves.



They have had excellent results with this program with one cow in particular. Number 1322 has over 300 offspring registered in the breed. In 2003, she was flushed for 7 consecutive months, and plans are to flush her for 6 consecutive months in 2004. She was flushed on March 24, 2004, and

produced 12 embryos, of which 8 graded 1 or 2.

On that same day, another cow produced 49 embryos, of which 45 graded 1 or 2. Ten frozen embryos from this flush will be offered in the May 1 sale, with proceeds from these ten embryos being donated to Cattle for Christ, a Christian evangelism ministry.

Six cows were flushed that day, and averaged almost 16 embryos that graded 1 or 2. That is almost unheard of. (If an embryo grades 3, it is not used.)

After embryos are harvested, they are either implanted into recipient cows, or frozen for implantation at a later time.

Recipient cows are synchronized for estrus, and checked by the veterinarian, to see which ovary has ovulated. Since the recipient cows have not been bred, an infertile egg is released, and the vet determines which horn of the uterus it is in. The embryo being implanted is then implanted into that horn, to increase the chance of survival. If the embryo is placed in the other horn, it would not survive.

The goal of Ray Cattle Company is to provide commercial bulls for the cattle producers within a 150 mile radius that can be used to make that cattle producer money. This must be done at a profit to Ray Cattle Company. ET is one tool they are using to achieve this goal. As Kyle Norris says, "This farm must pay its own way."

Cattle Markets And Roller Coasters

Dr. Walt Prevatt
Extension Economist and
Professor
Auburn University



If you have been in the cattle business the last three years, you have no doubt witnessed the notorious roller coaster ride in cattle market prices. The widely fluctuating cattle price brings to mind images of a fierce, breath taking roller coaster ride. From the phenomenal rise in cattle market prices during the first half of 2001, followed by plummeting prices after 9/11 (terrorists attack Twin Towers in New York, Pentagon in Washington, D.C., etc.), followed by further price decline in the spring of 2002 (due to export market bans of competing meats), followed by the unprecedented rise in cattle market prices during 2003 (due largely to the Canadian BSE case where the U.S. banned Canadian slaughter imports and gained Canada's export market), followed by the cow that stole Christmas which resulted in the precipitous fall in cattle prices in late December 2003 (one BSE cow was found in the U.S.), followed by the remarkable recovery in early 2004 (strong domestic beef demand coupled with lower levels of beef production). Wow, what a breath taking roller coaster ride. There definitely has not been a lack of drama in the cattle business during the last three years.

Predicting cattle market prices given the events that took place above is impossible. About the best one can do is to try to identify the potential major cattle industry factors affecting cattle market prices, costs, and profitability.

Potential Strengths In 2004

Significant improvement in consumer demand since 1998 has continued to help support cattle prices. The U.S. demand for beef has increased 15.4 percent since 1998. The demand for beef has helped push retail beef prices higher which led to higher live cattle prices. U.S. consumer beef demand was also very impressive following the U.S. BSE case found in late December. Consumer analysts are projecting continued strength in U.S. beef demand because consumers view it as the preferred meat protein source. The health attributes of beef and emerging convenience oriented beef products also contribute to improving beef demand.

In addition, from the beef supply side, the U.S. cattle inventory, feeders outside of feedlots and the calf crop are expected to be smaller during 2004. This suggests that beef production should potentially be lower which should also support cattle prices, except during the third quarter where large cattle placements in the feedlot and possibly heavier slaughter weights may pressure cattle prices lower (unless the U.S. and Asian beef trade is resumed).

Potential Weaknesses In 2004

The rising costs of fertilizers, energy, and transportation costs will likely adversely affect beef industry profitability during 2004. Fertilizer, energy, and transportation costs have already risen sharply in early 2004 and are not expected to decline in the short-term.

In addition, feed prices (corn, soybeans, etc.) have also risen substantially in early 2004. These feed items are in limited supply in both domestic and foreign markets. Any demand or supply changes in either market could significantly affect feed prices, breakevens, and profitability.

The weakest market price for slaughter cattle is expected to occur between June and August. A combination of the larger numbers of slaughter cattle harvested during this period and any increase in slaughter weights will pressure slaughter market prices lower. Many analyst expect slaughter cattle prices to approach the low 70s if the export trade does not materialize.

Potential Opportunities In 2004

Any progress with restoring the U.S. beef export trade with the 50+ countries that currently have banned U.S. beef exports will be very price supportive for all sectors of the beef industry. The three major U.S. beef export markets have been Mexico, Japan, and South Korea. Limited quantities of U.S. beef have begun to move to Mexico. Presently, talks are underway with Japan's technical and governmental representatives to gain access to this export market. Should beef exports be resumed this summer with Japan and South Korea, good improvement is expected in slaughter cattle prices.

Also, improved beef demand continues to be a strong contributor to supporting cattle prices. Despite the BSE case last December, consumers have demonstrated much confidence in a safe domestic beef supply and retail beef prices have remained strong (averaged near \$4.00 a pound in January and February 2004).

In addition, declining cattle inventories should result in smaller calf crops and lower levels of beef production. Correspondingly, lower levels of beef production should keep beef supplies tight and beef prices strong for the next couple of years.

Potential Threats In 2004

In today's global environment, food safety is a major threat anytime and anywhere. Should we have another BSE case or a major health related issue, it could severely depress cattle market prices. Thus, we need to aggressively exercise preventative measures and monitor the health of our cattle to ensure that we deliver a safe beef product to our consumers.

The weather affects all sectors of the U.S. cattle industry. Presently, much of the western U.S. is experiencing drought conditions. If this persists, fewer replacement heifers will be kept in this region and the U.S. cattle inventory will likely decrease next year. In addition, should the drought affect corn growing areas, we could see a substantial increase in corn prices next fall resulting in lower bid prices for feeder cattle.

The U.S.-Canadian beef trade situation is still unpredictable. We are currently receiving limited quantities of Canadian boxed beef from cattle that are less than 30 months of age. As placements in their feedlots increase, we should expect more Canadian beef to be exported to the U.S. which will likely have a negative effect on U.S. cattle prices. Also, when the U.S. lifts the ban on Canadian live slaughter cattle, we should expect this action to adversely affect cattle prices.

Lastly, any oversupply of competing meats (pork and poultry) could adversely affect beef market prices. Currently, producers are expected to increase pork production by about 1 percent and poultry by about 3-4 percent over 2003 levels. Also, any weakness in the export market for either of these meats could adversely affect all domestic meat market prices.

The unfolding drama in the beef cattle industry during 2004 is surely as unpredictable as last year. Cattle price volatility during 2004 is more likely than not, due to a strong domestic beef demand, an uncertain export trade, unpredictable weather and grain prices, and fluctuating slaughter cattle supply conditions (domestic and Canadian imports). A watchful eye on the above potential strengths, weaknesses, opportunities, and threats should help us understand and plan for the roller coaster ride that lies ahead of us.

The National Identification System in Cattle – No Need to Sell the Cattle

**Dr. Lisa Kriese-Anderson
Department of Animal & Dairy Sciences
Auburn University**

A great deal of talk has been generated concerning the impending national identification system for cattle. Many nay-sayers have predicted a great sell-off of cattle because many producers would not be able to comply. In reality, all producers should be able to comply with little interruption to their daily routines.

The problem with the national identification plan is the lack of specifics. This gives rise to speculation and fear of the unknown. Pretty soon producers throw up their hands and begin predicting their own demise. The national identification plan will force producers to keep better records. However, a computer is not necessary. Some type of reading device is not necessary. The only real essentials for the small producer is paper, pen and a good place to keep the records.

The primary reason for a national identification system is to track disease outbreak. This system will not prevent disease or make the food supply any safer.

The identification of the bovine spongiform encephalopathy (BSE) positive cow in Washington State in December has sped up the implementation of the national identification system. Fortunately, a group of industry leaders – veterinarians, producers, educators – started working on a United States Animal Identification Plan in 2002. This plan, called USAIP, seems to be the framework in which the national identification system will be based for all species of livestock. The complete document can be found on the web at <http://usaip.info>.

The proposed plan has three phases. Phase I is the issuing of premise identification. This can be thought of as a physical farm address. Phase I is to be implemented in July 2004. The state veterinarian's office will be responsible to issuing premise identification numbers. Information to be collected is contact name, a 911 address of the farm (not your house address in town) and a phone number. In turn, a unique premise identification number will be provided. This number will be needed every time cattle are moved to

a different location (e.g., from your farm to a fairgrounds or from your farm to a bull test station) or are sold.

Phase II is the individual identification of cattle. The USAIP states the voluntary portion of Phase II is to be implemented in July 2005, with mandatory implementation in July 2006. Many popular press reports have moved these dates up to as early as Fall 2004 to January 2005. The primary reason for moving up the date is to open up the export markets. Many countries are stating they will not consider reopening their markets for our beef until each animal is uniquely identified. At this writing, electronic identification (EID) seems to be where this phase is headed, although USDA has recently stated they are technology neutral.

Phase II is where producer fear begins to creep in. Cattle do not have to be identified until they are moved to another location or sold. Therefore, tags do not have to be put in cattle ears when they are born. Tags can be put in at the point of sale (i.e., the local auction barn). This of course has struck fear in the hearts of local auction barns as they contemplate how they will handle this.

When cattle are unloaded, producers will have to provide the premise id number. If EID tags are already in the cattle, tags will be read and numbers recorded. If the cattle are not tagged, they will be tagged and the numbers recorded. After the cattle are sold, the premise id number, the individual ID number, the date and a code will be transmitted to the national database (probably within USDA in Washington, D.C.). The codes will indicate whether the animal has been moved, sold, sighted (as an animal moves through a stockyard) or died. The only time any information from the database will be accessed is if a disease outbreak occurs (foot and mouth, BSE). Only at this time will state veterinarians be contacted to obtain contact and location information from the premise id numbers.

This is why records are more important than ever. Producers must keep track of the individual identification numbers, feed fed, and vaccinations given as a minimum. It also would be an excellent idea to track birthdays (at least month and year) and parentage. Why does the cow/calf producer of the southeast need to worry about these things? Every time a calf is produced, it is food for someone. Responsibility starts here on the farm.

Phase III deals with providing infrastructure to the livestock markets and packing plants. Everyone must be ready to comply by July 2006. However, Walmart has told its beef supplier by January 2005 they want to know where every piece of beef comes from.

There are still many unknowns, which continue to add to the uncertainty and fear. Some answers should become clear by June. However, no plans for liquidation of herds should be made. There are many people working to ensure this plan will be simple for the producer. After all the pieces are known and producers start operating within the system, 99% will probably find it a workable plan. As a positive, producers can take this plan and make it work to their advantage – work on marketing plans – put value added components on their calves. Make it work for the positive!

Keep close watch on updates on the national identification plan especially in the next 3 months. Cattle will be the first

to comply. Swine, poultry, sheep and goats will be next. Horses will eventually be uniquely identified along with many other species of livestock.

MS Beef Cattle Short Course

**Dr. Jane Parish
Animal and Dairy Sciences
Mississippi State University**

Mark your calendars for May 21, 2004 for a Beef Cattle Short Course presented by the American Breeds Coalition. Cattleman and baseball pitching legend, Nolan Ryan, will be the featured speaker at the short course, which will be held at McKenzie Auditorium on the Hinds Community College campus in Raymond, MS. The theme for this short course is "Production Targets for Success in the Beef Industry." Speakers from Nolan Ryan Tender Aged Beef, Texas A&M University, Cactus Feeders, and Mississippi State University will address where Bos indicus cattle fit in the industry, the Nolan Ryan Tender Aged Beef program, Texas A&M Ranch to Rail program results, marketing alliances for small producers, electronic identification, and herd health and management practices to improve feeder calf value. There will also be opportunities to interact with the speakers during a panel discussion and to visit sponsor booths.

On site registration and refreshments will be available starting at 8:30 a.m. with the program beginning at 9:00 a.m. The program includes lunch and will wrap up at 4:30 p.m. The early registration deadline for the short course is May 12, 2004. Registration is \$10 by May 12 and will be \$15 at the door. Downloadable brochures and maps are also available on the web at: <http://msucares.com/livestock/beef/> or for more information on the upcoming Beef Cattle Short Course, contact your local Extension office.
