

Growing Cow-Calf Production with Fewer Acres

By Wes Ishmael

“The U.S. cow herd must grow if the industry is going to preserve existing infrastructure and regain lost market share,” says Don Close, Rabobank Food & Agribusiness Research and Advisory Group Senior Analyst. “In order for that growth to occur, the beef and cattle community must address main expansion constraints: high capital barriers, declining availability of grazeable acres, and ageing producers. In many parts of the country, incorporating systems for confined calf production is an important step to overcoming these constraints.”

Close authored a recent Rabobank report, “*Outside In: Confined Cow-Calf Production as a Viable Model for Rebuilding the U.S. Cow Herd Numbers*,” which explores the feasibility of confined and semi-confined cow-calf production.

The idea isn’t new. Anyone faced with maintaining the nucleus of a cowherd through drought has explored the options of feeding cows themselves or sending them to someone else to accomplish the task. Through the years, other folks have made a fair bit of money buying cows out of drought areas and then dry-lotting them until a profitable market presents itself. Monoslope buildings and hoop barns for use with cow-calf production are also common in parts of the world like the Midwest.

What is new the past few years is the growing notion that semi-confined and confined cow-calf production can represent a permanent business model, rather than an alternative short-term enterprise.

For the purposes of discussion here, think of confined production in terms of re-purposed feedlot pens with creep gates that enable calves to move to other pens or grass traps away from the cows. For semi-confined, think in terms of cows confined or mostly confined from calving through breeding; they might then go to grass in the summer and crop aftermath like corn stalks in the fall, before once again being wintered in confinement. An advantage of these systems is that their design and unique components are limited only by imagination and cost-effective resources.

The specific systems and assumptions Close utilizes in his report indicate that confined and semi-confined cow-calf production is more than competitive with the traditional grazing cow-calf systems most of us grew up with.

The report finds that confined production systems present an alternative that replaces high capital requirements with intensified management and labor, Close says. The report’s economic evaluation shows that two systems—confined calf production in excess feed yard space and in confinement buildings that are typically built in the Corn Belt—are very competitive compared to conventional production models.

For one thing, being able to more effectively match nutrition to cows’ specific production stages can generate huge cost savings. For another, the extra management can result in extending the reproductive life of cows by a calf or two.

“The ability to adjust the nutritional needs of the cow to the pregnancy-post-calving stage, and the ability to sort cows and adjust feed requirements based on their body condition scores isn’t an option with open grazing,” Close explains.

Plus, confinement and semi-confinement make it more practical for some producers to exploit advanced reproduction technologies like synchronization and timed breeding. Never mind accomplishing the management associated with specific value-

added marketing programs

Incidentally, if you're like me, when you first started hearing about these systems, one of your first wonderments was about calf health in a more confined setting. Surely, calves that can roam entire pastures will be healthier. Based on folks I've chatted with who have experience with these systems, as well as research data, calves in confined systems are typically as healthy or healthier than their traditionally-raised peers. Part of it seems to stem from the enhanced nutritional balance enjoyed by the cows as well as the more intense management overall. This also assumes that folks managing these systems know what they're doing.

Although the intensified management associated with confined and semi-confined production can mean more labor, it requires less land. Close notes that pasture availability declined by approximately 32 million acres over the past decade. It's hard to find anyone anywhere in the country who says pasture is easy to find and affordable.

On a related note, Close explains that confined cow-calf production can help young producers enter the business by reducing the capital requirements associated with buying or leasing the land necessary to support cows in traditional production systems.

"While the primary method of U.S. calf production will remain the traditional cow-calf grazing model, the benefits of confined and semi-confined programs – primarily increased efficiency from the cow herd and healthier animals – makes them a truly viable and valuable option," notes Close.

Beef Cowherd Expansion Takes Off

After declining year-to-year for the better part of two decades, the nation's beef cowherd finally expanded last year, according to USDA's annual *Cattle* report.

In fact, rather than the flat trough and gradual expansion characteristic of previous cattle cycles, this time around it appears to be zero-to-sixty. There were 2% more beef cows Jan. 1 than the previous year for a total of 29.7 million head. There were 4% more beef replacement heifers for a total of 4.8 million head. Keep in part that part of the magnitude associated with the expansion stemmed from adjustments USDA made to earlier numbers.

Randy Blach, CattleFax CEO says he's confident that producers can grow the nation's beef cowherd back to at least 32 million, a level he believes will preserve current beef packing capacity. Black spoke at the annual CattleFax Outlook, held as part of the Zoetis-sponsored Cattlemen's College in conjunction with the winter meeting of the National Cattlemen's Beef Association.

In their report, Rabobank suggests the nation's cowherd needs to grow to 32-34 million head within the next several years in order to preserve current industry infrastructure.

At February's Cattlemen's College Derrell Peel, Extension livestock marketing specialist at Oklahoma State University pointed out that producers have retained more beef replacement heifers year-over-year since 2011, but this was the first year Mom Nature allowed them to be kept.

Peel also pointed out that 72% of the expansion occurred in Texas, Oklahoma and Kansas. To varying degrees, these states are rebuilding from drought. Also to varying degrees, parts of these same states are still slogging through drought, while others remain near the brink.

That's an obvious advantage of confined and semi-confined cow-calf production: a ready-made system to feed and manage cows despite drought.

For market perspective, Peel explained in earlier market comments: "This report (USDA) does not change market fundamentals much, if any, in 2015. The fact that there are more cows than expected does not change the timing of beef production in 2015. The marginal increase in estimated feeders provides little relief to tight feeder numbers and may be offset with even more heifer retention and the possibility of smaller feeder cattle imports from Mexico and Canada this year. The jump-start to herd expansion could shave a year off of the time needed for herd rebuilding, depending on herd expansion in 2015 and beyond. In any event, herd expansion is expected to continue until late in the decade barring setbacks from drought."