

CADDO COUNTY NEWSLETTER

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NORTH AMERICAN LIVE CATTLE TRADE EVOLVING

DERRELL S. PEEL, OKLAHOMA STATE UNIVERSITY EXTENSION LIVESTOCK MARKETING SPECIALIST

Live cattle trade between the U.S., Mexico and Canada has changed significantly in recent years. For the first ten months of the year, total U.S. cattle imports from Mexico are down 23.4 percent year over year, following a decrease of 32.4 percent in October compared to last year. Cattle imports from Canada are down 9.0 percent for the year-to-date compared to last year but were up 9.2 percent year over year in the month of October. Total cattle imports are down 18.7 percent year over year through October with the one-month total down 18.5 percent. Exports of U.S. cattle to Mexico and Canada have increased in the last four years. Cattle exports to Canada, in particular, have expanded significantly, with exports up 70.7 percent year over year for the January to October period. Thus far in 2021, cattle exports to Canada are 69.4 percent of cattle imports resulting in net cattle imports from Canada down 55.8 percent year over year. Cattle exports to Mexico remain small relative to the level of cattle imports from Mexico but have also increased in recent years. Cattle exports to Mexico for the year-to-date are up 215.2 percent and are 7.5 percent of cattle imports from Mexico. In total, cattle exports so far in 2021 are up 81.2 percent year over year, equal to 31.3 percent of imports, and contributing to a 35.0 percent decrease in net cattle imports for the first ten months of the year.

Cattle imports from Canada include a mix of cattle for immediate slaughter as well as feeder cattle. For the year-to-date, total slaughter cattle imports from Canada are down 10.2 percent. Slaughter cattle imports consist of fed cattle (steers and heifers) that are 43.1 percent of total cattle imports plus slaughter cows and bulls that represent 33.9 percent of total imports. Imports of feeder cattle from Canada represent 21.6 percent of total cattle imports and are down 3.7 percent thus far in 2021 compared to last year. Decreased net cattle imports are adding to declining cattle inventories in the U.S. and generally tighter cattle numbers at the end of the year. Numerous factors, both short term and long term, are affecting the development of live cattle trade in North America. Structural development in cattle feeding and packing in Canada and Mexico, along with drought conditions, feed supplies and prices and exchange rates all contribute to currently observed live cattle trade. Some of the current trends may not persist or may change but the overall live cattle market between the U.S., Mexico and Canada will continue to evolve.

Baby Calf It's Cold Outside

Courtney Bir, OSU Agricultural Economics Extension Farm Management Specialist

So far, fingers crossed, this fall/winter season has been much warmer than previous years. Past images of new-born calves being warmed up in trucks, and busy veterinarians made me wonder about the economic consequences of winter calving. Thanks to the efforts of many of you, we were able to collect data from ranchers and veterinarians to evaluate the financial implications of calving. We currently have a publication in process with Dr. Eric DeVuyst, Dr. Dave Lalman and our former graduate student Amanda Upton. Amanda successfully completed her thesis on this topic over the summer.

Our goal was to evaluate the implications of calving date on expected annualized return per head for a cow calf operation. We were working under the idea that early calving with increasingly cold winters in January may lead to more veterinary costs, higher death loss, and increased feed costs. We used information from a survey of producers, veterinarians, and feedlots, as well as simulated programming to get some answers.

Despite having really cold winters in recent memory, 62% of producers strongly disagreed that they see frozen ears/tails/legs on their cattle. Similarly, 10% of veterinarians who worked with 501-1,000 cattle saw 0-2% of the cattle with frost damage. The average for a veterinary call was approximately \$70, and a cost of \$5.70 was reported for frost related medication. Per the veterinarian survey, 48% of producers do not typically seek veterinary assistance with frost related issues. Only 13% of producers indicated that they strongly agreed that frozen ears/tails/legs are a problem. 56% of producers expected a discount per CWT at the sale barn of between \$0.01 and \$15.00 for frozen ears, tails, and legs. Despite the conversations regarding battling the winter elements as a cow/calf producer, the reality is that it is less of a problem than expected.

Calving in mid-March resulted in highest annualized returns per head. Most of the producers we surveyed calved in March. 58% of producers indicated that calving date was part of their grazing management strategy, and 52% indicated it was part of their marketing strategy. There were non-management factors behind calving date as well. For 34% of producers their chosen calving date was most convenient for them because the timing worked best with their off farm enterprises. For 30% the timing worked best with their off-farm job, and for 9% the timing worked best with their seasonal labor.

In short, despite the popularity of news clips, and 6 o'clock sound bites, the effect of winter weather in terms of frost damage to cattle was less of a problem than expected. Most producers were calving during the higher annualized return period of March. It is important to keep in mind that your operation may have other constraints, such as labor or other enterprise requirements that may make a different calving month a better option.

“Calving in mid-March resulted in highest annualized returns per head.”

UPCOMING EVENTS AROUND THE COUNTY

Red River Crops Conference – January 19-20, Altus

Southwest District Junior Livestock Show – February 8-12, Chickasha

Caddo County Junior Livestock Show – February 21, Anadarko

RURAL WATER WRAP-UP: INFRASTRUCTURE FUNDING ON THE HORIZON

Oklahomans in rural areas and small towns are searching for funding to support water and wastewater infrastructure. According to Kevin Wagner, director of the Oklahoma Water Resources Center, more than \$80 billion is needed to ensure the state has adequate drinking water and wastewater systems now and in the future.

“Almost half of the 800 water supply systems in Oklahoma collectively serve less than 5% of the state’s population,” Wagner said. “Because of their small ratepayer base, these systems struggle to meet today’s drinking water standards.”

In addition to OSU resources, state and federal funding supports water infrastructure modernization and development. The American Rescue Plan Act of 2021 signed into law in March authorized \$1.87 billion for Oklahoma to build a stronger, more innovative and diverse economy.

Many Oklahoma communities and counties have already received their direct ARPA allotments and are finalizing plans to utilize them. On a state level, Gov. Kevin Stitt has established a joint legislative committee to ensure funds are allocated in a responsible and transparent manner while in accordance with federal guidelines. The committee is accepting project ideas that will enhance the capabilities of state services and support physical and digital infrastructure to expand growth.

Financial awards have not yet been distributed to the water sector, but the Oklahoma Water Resources Board plans to submit a proposal.

“We have heard from many cities and informally identified over \$1.5 billion in needs eligible for ARPA funds,” said Julie Cunningham, OWRB executive director. “We maintain a five-year priority list of projects in communities that have applied for financial support through the Clean Water State Revolving Fund. The Oklahoma Department of Environmental Quality also maintains a project list for the Drinking Water State Revolving Fund.”

ARPA funding must be committed to projects by December 2024 and spent by December 2026. The money is a historic investment in Oklahoma communities, but Cunningham said it’s not clear how much will be designated for water/wastewater/stormwater infrastructure.

Another potential opportunity for water system improvements is the \$1.2 trillion federal infrastructure bill that Congress passed in November. Local governments will access funds through existing water programs and not receive direct allotments.

About \$51 billion of the bill is allocated for water funding of which \$43.42 billion will be used to supplement the Clean Water State Revolving Fund, and \$1.4 billion will go toward the Sewer Overflow and Stormwater Reuse Municipal Grant Program. The OWRB administers both the revolving fund and the grant program and co-administers the Drinking Water State Revolving Fund with the ODEQ.

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