

# COW/CALF CORNER

The Newsletter

From the Oklahoma Cooperative Extension Service

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## **Beef markets move past disruptions**

Derrell S. Peel, Oklahoma State University Extension Livestock Marketing Specialist

Barring a major setback, it appears that beef markets are moving past the worst of the disruptions that have caused upheaval in recent weeks. Beef markets were thrown into turmoil in March as food service markets were sharply curtailed and beef demand focused on retail grocery. This caused bottlenecks in supply chains and an initial wave of disruptions in product flows.

Beginning in early April, COVID-19 began to impact workforces in many packing plants causing plant closures and reduced slaughter rates. Cattle slaughter and beef production decreased on a year over year basis for four consecutive weeks. The lowest point occurred the last week of April when total cattle slaughter was down 34.8 percent year over year. Beef production that same week was down 33.8 percent compared to the same week one year ago. Significant recovery has occurred from that low with estimated cattle slaughter the week ending May 30 down 10.9 percent year over year. With cattle carcass weights increasing sharply due to delays in marketing fed cattle, estimated beef production last week was down just 7.6 percent year over year.

Choice boxed beef prices increased beginning in late March until late May. After averaging under \$210/cwt. early in the year, Choice boxed beef prices increased in late March, dropped briefly in early April, before increasing to a peak at \$459.04/cwt. in mid-May. Choice boxed beef prices have dropped to a weekly level of \$374.04/cwt. at the end of May.

Individual beef products have been on a wide variety of dynamic paths through all the turmoil in both demand and supply since March. Prices for beef products dependent on food service demand, including many middle meat cuts, dropped in March before general shortages of products pushed prices higher in April and May. Choice wholesale beef tenderloin (IMPS 189A), for example, dropped from an average price just under \$970/cwt. early in 2020, to a weekly low of \$533.33/cwt. in early April before increasing to a mid-May peak of \$1238.88/cwt. Choice tenderloin prices have decreased to \$1219.68/cwt. by the end of May.

Many end meats from the Chuck and Round, saw increased demand beginning in March continuing through April and pushed even higher by decreased beef supplies to mid-May. For example, the price of Chuck Rolls (IMPS 116A) increased weekly, beginning in mid-March from a pre-COVID-19 average near \$266/cwt., to a peak in early May of \$628.94/cwt. before dropping back to \$466.03/cwt. by the end of May. Several products in the round displayed similar price patterns since mid-March.

The last few weeks have revealed much about the nature of specialized beef supply chains and much about the variable demands for the wide variety of beef products. It has also revealed how market prices adjust to wild swings in beef product demand and supply conditions. Additional dynamics are expected as food service continues a slow recovery and macroeconomic conditions continue to affect beef demand, but hopefully beef product markets are settling back into a much more stable situation and with typical product price relationships reestablished.

## **Coronavirus Food Assistance Program**

Amy D. Hagerman, Oklahoma State University Extension Policy Specialist

The Coronavirus Food Assistance Program (CFAP) opened up on May 26 for applications, and will close on August 28, 2020. Applications can be submitted by phone or email at Farm Service Agency county offices across the country. Producers can find their local FSA office, and much more CFAP information, at [www.farmers.gov/cfap](http://www.farmers.gov/cfap). In addition to the CFAP application, a producer may need to submit forms and documentation to determine their eligibility for the program and agree to basic conservation requirements, which are required for all USDA programs. There is also a form for direct deposit. Anyone who used the drought program (Livestock Forage Program, or LFP) in 2014 or other years will be familiar with the process.

Once a producer's total CFAP payment is calculated, they will receive a direct deposit for 80% of that payment relatively quickly. However, the remaining 20% will only be paid if enough funds are available. This assures that CFAP funds are spread across as many eligible livestock and crop producers as possible. Let's be frank, \$16 billion sounds like a lot of funds until you consider how much production of livestock, crops and specialty crops it is being spread across. Let's break down the payments for cattle producers further. First, producers will need to know their sales and their inventory. USDA is allowing both to be self-certified, but have your documentation on hand and be prepared to produce it if asked. Cattle producers that sold cattle between January 15 and April 15 are eligible for a payment out of the CARES Act funds, provided those cattle were unpriced. USDA defined 'unpriced cattle' as those cattle that were 'not subject to an agreed-upon price in the future through a forward contract, agreement, or similar binding document'. However, if you had another risk management instrument such as a

Livestock Risk Protection (LRP) or put option in place the cattle are still eligible sales under CFAP.

If you did not have any sales in that window, then you may still be eligible for receiving a payment on the highest daily inventory between April 16 and May 14 out of CCC funds. Again, this is a self-certified inventory. Cattle producers will receive \$33/head for that inventory. Also, pay attention to the definitions of each category of cattle to sort them into the correct boxes. All of the breeding herd falls into ‘all other cattle’. Cull cows and bulls fall into ‘slaughter cattle – mature’. Calves, including unweaned calves, fall into ‘feeder cattle under 600 pounds’. Stockers you may have sold will fall into one of the two feeder cattle categories, depending on their weight. Fed cattle with average weights until 1400 pounds fall into ‘feeder cattle 600 pounds or greater’ for now, although that definition is under review.

This program allows producers to offset market losses for those cattle that still had risk exposure during the 2020 market decline. Don’t let the process scare you off, many producers have reported that, once they had their numbers in hand, it didn’t take long to apply. Get your application in as soon as possible.

#### **Can we select cattle to reduce pinkeye??**

Glenn Selk, Oklahoma State University Emeritus Extension Animal Scientist

As a kid growing up on a farm/ranch in central Nebraska, one of my least favorite summertime chores was to help my dad treat cows, calves, or yearlings for eye infections. We tried the purple aerosol spray and powders squirted in the eye. We even glued canvas patches on infected eyes to aid in the healing of eye infections. Nothing seemed to be the silver bullet we were hoping to find. I often wondered if susceptibility to eye infections was passed from mother to offspring via some genetic component. Should we automatically cull replacement heifers from cows that had severe eye infections?

Pinkeye has long been a costly nuisance to cattle producers. Eye infections sometimes lead to partial or complete blindness in one or both eyes. Reduced beef production in the form of lowered weight gain, milk production, body condition, and eventually even poorer reproduction can result from eye infections and lesions. One of the culprits that initiates and spreads eye problems between herds and among herd mates is “Pinkeye” or more properly called Infectious Bovine Keratoconjunctivitis. An excellent Oklahoma State University fact sheet about the prevention and treatment of “Pinkeye” is available online at: <http://pods.dasnr.okstate.edu/docushare/dsweb/Get/Document-2689/VTMD-9128web.pdf>.

Iowa State University animal scientists analyzed field data from ISU herds and cooperator herds in 2003 through 2005. They sought to estimate the genetic measurements that could aid in the selection of cattle resistant to Infectious Bovine Keratoconjunctivitis (IBK), commonly known as pinkeye. They found a decrease in weaning weight of 30 pounds per calf infected with pinkeye. The analysis of the field data revealed an estimate of 0.11 for heritability of resistance to pinkeye. **This estimate is considered to be of low heritability, which indicates that only slow progress can be made based on selection for IBK resistance.** It does mean that, over time, if we select replacements from cows that are not prone to having eye problems (especially pinkeye) we would be able to very gradually reduce the incidence of pinkeye in our herds.

Also they studied the immune components involved in eye disease defense mechanisms. Tear samples were collected from the eyes of 90 calves in 2004 in order to quantify immunoglobulins (commonly called antibodies). The result of this analysis indicated that as the amount of Immunoglobulin A in the tears increases, the likelihood of infection and/or the severity of infection decreased. **This information would suggest that properly fed, properly immunized cattle, with a strong immune system will be more resistant to pinkeye.** Source: [Rodriguez and co-workers. Iowa State University Animal Industry Report 2006](#). Most immediate improvement in reducing pinkeye incidence will be made by management procedures that remove eye irritants and disease transmitters as well as sound nutrition and health protocols. See the previously mentioned [OSU Fact Sheet VTMD-9128](#).

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