## ISSUES MATTER



JOHN MADAY

JMADAY@DROVERS.COM

## Top-10 reasons to breed more heifers

In late September, beef packer JBS and Five Rivers Cattle Feeding hosted a group of large ranchers, scientists, seedstock operators and others to discuss ways to encourage heifer retention and herd expansion in the U.S. beef industry. Although market signals favor expansion, drought and high input

prices have prevented a turnaround. ¶ In the short term, declining cattle

supplies benefit producers with higher prices, but looking ahead, stakeholders are concerned about losing market share and infrastructure. General consensus among participants in the meeting is there is huge opportunity for cow-calf profitability in coming years, and expansion is in the best interest of small and large producers.

Tom Brink heads up risk-management programs for Five Rivers, the nation's largest cattle-feeding company with 12 feedayards in seven states, with a one-time capacity of over 960,000 head. He listed "10 good reasons to expose more heifers during the next few years."

1. THE U. S. COW HERD CONTINUES TO SHRINK. During the week ending Sept. 17, cow and bull slaughter reached its highest weekly total since 2001. JBS expects U.S. beef output during 2012 to drop almost 5 percent from 2010 levels. "It's nice to own a scarce commodity," Brink says.

2. DROUGHT IN THE SOUTHERN PLAINS EVENTU-ALLY WILL END. Severe conditions have pushed year-to-date cow slaughter in the region 19 percent higher than last year. When rains return, the region will shift from "cows and no grass" to "grass and no cows."

3. BEEF DEMAND IS RISING. Wholesale beef spending this year is up 11.8 percent, with domestic spending up 8.7 percent and export spending up 43.8 percent over last year.

4. BEEF EXPORTS ARE GROWING RAPIDLY. Our beef exports are up 139 percent year to date, and increases are likely to continue as incomes grow in key export markets.

5. CALF PRICES ARE AT RECORD HIGHS and likely headed even higher. Brink says his company does not expect any decline in calf values over the next few years.

 BRED HEIFERS NOW ARE TRADING AT PREMI-UMS to bred cows, in spite of drought and liquidation.

7. PROVEN ESTRUS-SYNCHRONIZATION PROGRAMS FOR AI ARE AVAILABLE for breeding heifers. These pro-

grams are price-competitive with natural service and allow significant upgrades in genetics.

8. "HEIFER BULL" SEMEN IS WIDELY AVAILABLE FROM PROVEN SIRES offering low birthweights and good weaning and yearling weight EPDs.

 INCREASED AVAILABILITY OF BYPRODUCT FEEDS in many parts of the country can help control costs.
 THE TIMING SEEMS RIGHT. "Heifers bred in the next few years should be the most profitable cows we've seen in many years," Brink says.

Brink adds two notes of caution:

- MAKE SURE YOU HAVE A COMPETITIVE COST STRUCTURE — lower than average cow costs above-average reproduction rates and weaning weights.
- MAKE SURE YOU ARE RAISING A HIGHLY MAR KETABLE CALF, with genetic potential for efficien growth and carcass quality.

---- au