

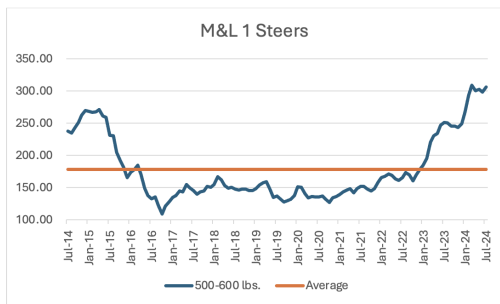
# Investing in the Future of Your Operation

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There are several things that livestock economists tend to discourage producers from doing, i.e. buying a large number of depreciable items, spending more on infrastructure than is absolutely necessary, and having too much fun on the farm. However, some of those things are necessary for the farm to continue to function (not the one about fun....my econ teachers plainly taught me that wasn't a part of cattle farming), so it would make sense to consider some of those things during years of profitability on the operation.

Cattle producers currently find themselves in a time of potential profit. There are two components of profitability- income and expense. Cattle producers have experienced record high prices over the last year and there is potential for that to continue at least into the short term.

Table 1. Alabama Stockyard Prices.

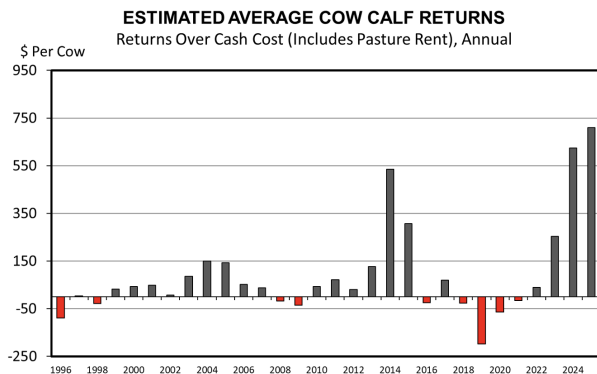


Source: USDA Market Report. LMIC

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Table 2. Estimated National Cow Calf Returns.



Source: USDA Market Report. LMIC

A checkoff funded research study last year led to a publication highlighting a cost study of south Alabama Cow-Calf farms (<https://www.aces.edu/blog/topics/farm-management/south-alabama-cow-calf-enterprise-cost-study/>) This research pointed to some key areas that producers have the opportunity to address.

First, was a common issue of animal health and reproductive efficiency. Cow-calf producers need market calves that capitalize on high prices, and they need a calf from each cow every year. Animal health protocols are often not followed by smaller cow calf producers. This is often because working facilities are inadequate, antiquated, or just not functional. There are multiple options for working facilities and equipment, and producers should evaluate their situation and develop a plan that is the best for their farm. Working facilities allow producers to more easily do some of the basic preventative animal health practices such as evaluation, vaccination, and worming that can be a game changer as far as reproduction. Adequate and functional working facilities also allow producers to have a Breeding Soundness Evaluation performed on every bull yearly, and to pregnancy check females. Ensuring a functional bull and culling open cows will go a long way in improving long term profitability and would therefore be a wise investment for producers.

The other area that producers should consider investing in (as highlighted by the cost study) was improving grazing efficiency and decreasing feed requirements. Producers have long known that buying more feed than necessary would absolutely eat into profit potential, but being poor managers of forages can do the same thing. Grazing is most often the cheapest form of feed that we can provide for our livestock, but management is required. Grazing strategies like rotational grazing and limit grazing can improve grazing efficiency and production of summer perennial pastures as well as winter annuals. Grazing strategies can provide more grazing days, more weight gain, and heavier calves to be sold. This can only be done if we have a strategy and resources to contain and move cattle- such as cross fences and lanes. These can be permanent or temporary, depending on each situation.

Producers should always minimize expenses and eliminate unnecessary purchases. However, some investments can prove profitable over time and should be considered. The best time to make purchases is when you actually have the money to afford those purchases.