



2014 Projects to Be a Winner for Cow-Calf Sector

Optimism permeates the air as the American Hereford Association (AHA) prepares for the rollout of the new and improved 2012 and 2013 genetic models of the Hereford breed at the National Western Stock Show in Denver this month. January also brings in the spring bull sale season, and the selection decisions of countless cattlemen will determine the outcome of future calf crops.

Profitability is always good medicine for the headaches of the past, and 2014 projects optimism as it relates to the beef market, the commercial feeder calf market, lower feed costs, a healthier climate for forage production and the continued enhancements of genetic technology.

All of these factors play a role in the profitability of our industry, and we're hoping for all cylinders to be running smoothly, resulting in a great year ahead for American cattlemen. Below are just a few predictions being bantered for the upcoming year.

Record high feeder calf prices

Barring any condition that might trigger the unexpected, 2014 is programmed to generate record prices for feeder cattle. The cattle industry should simply avoid the analogy of the unexpected end of game botched field goal attempt from way out of range, resulting in a subsequent field goal return run back costing someone a national championship.

It doesn't take big time coaching to manage risk appropriately. The fundamentals are in the industry's favor for record-breaking prices in 2014; therefore, a little common sense this year should keep cow-calf operators well into the black.

Three-year low for corn prices

Aside from record feeder prices, relief has somewhat come to the feeding sector in the form of a massive 2013 corn crop and the prospects that the Environmental Protection Agency (EPA) and the Obama administration are rethinking the renewable fuel policy.

It's not such good news for corn farmers, but EPA proposes a 20% reduction in the 2014 ethanol mandate equivalent to 3 billion gallons. This could, in effect, level off the growing utilization of the nation's corn crop for fuel production and eliminate another billion bushels of corn that were headed to the fermentation vats in 2014. Could this mean land values may be impacted in a way that might challenge the purpose of marginal farm ground down the road? If it does, this reduction will indirectly benefit the cow-calf sector.

Even higher prices for breeding bulls

Seedstock and, in particular, bull demand will remain strong in 2014. The average price paid for performance-tested Hereford range bulls bought through production sales is likely to remain the same or increase slightly from the 2013 average of \$4,500.

Historically, prices paid for bulls are closely correlated with the feeder calf

market. The additional hybrid vigor bonus that Hereford bulls will add to the black cow herd should create justification to support the existing demand trend for Hereford genetics.

The value of Hereford genetics continues to improve because of the need for a maternal outcross in the predominantly Angus cow base that exists. Couple this with the increasing predictive value of Hereford genetics, and the Hereford-Angus cross just makes sense.

In 2012 the AHA introduced genomic-enhanced expected progeny differences (GE-EPDs) that have complemented the current EPD evaluation system by increasing the accuracy of those breeding values in younger unproven animals. This tool is a bonus for the cow-calf producer that is looking to purchase yearling and 2-year-old bulls. **HW**