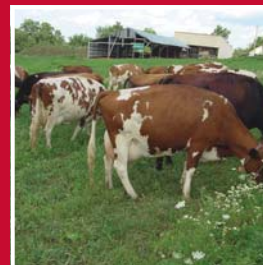


# FIELD & FEEDLOT



NORTHWEST AREA EXTENSION

JULY 2009 ISSUE

## Extension Web Sites

### Ag Decision Maker

<http://www.extension.iastate.edu/agdm/>

### Beef Center

<http://www.iowabeefcenter.org/>

### Manure Management

<http://www.agronext.iastate.edu/immag/>

### Pork Center

<http://www.ipic.iastate.edu/>

### ISU Extension Dairy Team

<http://www.extension.iastate.edu/DairyTeam/>

## Corn Hog Ratio at All Time Low

By Dave Stender, ISU Extension Swine Field Specialist

First porcine circo-virus associated diseases (PCVAD) resulted in high death loss and reduced numbers to market; then the Iowa flood increased the corn price to \$7/bushel more than doubling the cost of feed; then the hog price collapsed with the global economy; and finally they called H1N1 the swine flu in the media resulting in soft demand and reduced exports. None of these things have been good for the swine industry. One hog industry analysis has said that the average swine producer went from 70% equity to 30% equity over the last 18 months, a loss of billions of dollars.

### Corn Price Increase

What happens when the corn price goes up suddenly like it did in 1972? The average corn price in the 1970-72 period was \$1.16/bushel, but increased to an average \$2.45/bushel between 1973 and 1975. In the 1970-72 period the hog corn ratio was 19 to 1 (see table 1) because the hog price averaged \$22/cwt and the corn price was \$1.16/bushel. When corn increased to \$2.45/bushel the hog corn ratio would have dropped to below 10 to 1, however hog producers responded. They dropped the size of the hog herd from about 63 million head (1970-72 average) down to 50 million head in 1975, about a 20% reduction. The average hog price increased to average \$44.50/cwt from 1975 to 1978 and stay at that price for 30 years. The hog corn ratio remained stable at about 20 to 1 from then until the corn price increased again lately.

	Corn Price	Hog Corn Ratio	Hog Price
1970 - 72	1.16	19	\$21.80
1973 - 2005	2.30	20.0	\$44.60
2006 -	3.96	11.5	\$44.45
<b>Hog Price Needed for 20:1 Hog Corn Ratio:</b>			
	3.96	20	<b>\$79.20</b>

Now the corn price has averaged about \$4/bushel since 2006 and the hog price has continued to average about \$44.50, resulting in a low 11.5 to 1 hog corn ratio and billions of dollars of industry red ink.

Several problems have prevented the swine industry from responding to the higher corn price. One problem the industry faces is that the PCVAD vaccine reduced herd death loss at about the same time the corn price was increasing. Another problem is that individually each hog farm's profitability is dependent on maximizing output. Therefore the tougher the economic times become, the more output is required to try to drive down costs. The third problem is that the remaining swine industry has a high percentage of high value fixed assets. You don't want to shut them down if you have to make a payment to the lender.

So the response to a corn price that increased from \$2.30/bushel to average \$4/bushel is to cut the sow herd of course, but effective PCVAD vaccine and increased performance have actually increased the pig herd size which averaged about 62 million from 2004 to 2006 and now averages 65.6 million the last couple years. The pork industry will need to reduce production in order to return to a more normal hog corn ratio.

## Managing Tough Times in the Dairy Business: Financial & Stress Management Strategies

By Chris Mondak, ISU Extension Dairy Field Specialist

There is no denying that dairy producers across the country are challenged by the tough economic cycle that includes high prices for inputs, and very low prices for milk produced. Two articles appearing in recent dairy industry publications offer

useful advice in this situation, and merit the attention of those in the dairy business.

In the January 25, 2009 issue of *Hoard's Dairyman*, Gary Sipiorski provides guidelines for financial management strategies. His article, "The Dairy Dozen: 12 Key Financial Indicators," briefly but clearly describes financial indicators or benchmarks dairy producers should monitor. In Sipiorski's view, knowing your financial ratios is especially important in this time of high expenses. Additionally, he advises that knowing the cost of production is most important right now. "There has never been a more important time than now to know what this number is." He offers a straightforward strategy to calculate your cost of production.

"Not to oversimplify the calculation, but if you add up your Schedule F expenses with a reasonable depreciation, add in your family living and income taxes; subtract out cull cows, calf sales, and government payments; and divide that number by the 100 lbs of milk that you sold last year, you will come up with a reasonable cost of producing 100 pounds of milk."

In addition to this simple calculation, there are spreadsheet tools available--- check with your accountant, or access the Dairy Trans spreadsheet through ISU Extension staff: Chris Mondak at [cmondak@iastate.edu](mailto:cmondak@iastate.edu), Larry Tranel at [tranel@iastate.edu](mailto:tranel@iastate.edu), or Leo Timms at [ltimms@iastate.edu](mailto:ltimms@iastate.edu).

The May 2009 issue of *Dairy Herd Management* acknowledges the extreme stress levels that dairy producers are bearing now. Megan Pierce's article on page 24 focuses on recognizing the signs of stress in self, family, and peers. She provides advice from Robert Fetsch, Extension specialist in human development and family studies at Colorado State University on recognizing and responding to signs of stress. The main points are listed here, but do read the full article for details: [www.dairyherd.com](http://www.dairyherd.com)

- Look for change in routine or behavior
- Watch for an increase in illness
- Look for a change in appearance
- See if the children show signs of stress
- Check their losses
- Listen for cries of help

If you notice these signs in yourself, your family members, or your associates in the dairy business, do connect to resources and resource people who can help.

In Iowa, the Iowa Concern Hotline at 800-447-1985 is open 24 hours a day, 7 days a week. The resource person who picks up the phone will talk with you, and will connect you to the specific resources you need – financial, legal, or general stress management help.

Experiencing tough times is not a solo event --- many across the country are going through this. The worst thing to do is to become isolated and overwhelmed. The better thing to do is to stay connected with others, and connect to the resources that can help with financial, legal, and overall stress.

## Fungicides for Corn

By Paul Kassel, ISU Extension Field Agronomist

Fungicide use in corn has received a lot of attention the last few years. The interest in fungicide use in corn has developed because of the potential for increased grain yields. The increased grain yield from fungicide use is a result of:

- Control of leaf diseases such as gray leaf spot, common rust, and others.
- Potential yield enhancement that occurs in addition to disease control. That potential yield enhancement may include better nitrogen use, increased CO<sub>2</sub> uptake and less respiration.
- Increased stalk quality.

Research by Iowa State University in 2007 on corn fungicide use on corn showed the most yield benefit when leaf disease was present. Corn fungicide research in 2008 showed more variable results because there was little leaf disease in most of the plots in 2008. However, some plots showed a 20.0 bu/a yield increase from fungicide use when very little leaf disease was present. Apparently, fungicide use can increase yields in the absence of disease. However, the conditions that need to present to obtain this yield increase are not well understood.

The potential leaf disease in corn in 2009 is not known as of this writing. However, leaf diseases – such as gray leaf spot – will start to develop before tasseling. Make plans now to check corn fields for leaf disease. Fields that are the most likely to benefit from fungicide are: 1) corn on corn fields, 2) fields with susceptible hybrids, and 3) fields with a high yield potential.

The potential for yield enhancement from fungicide use in corn in 2009 in the absence of leaf disease will be difficult to predict. It is likely that some combination of hybrid, fungicide application timing and weather conditions influence the potential for yield benefits when leaf disease are not present or are at low levels. However, with some yield responses to fungicide exceeding 20.0 bu/a, it may be beneficial to apply fungicides in some corn fields. Be sure to leave some untreated check strips to evaluate the benefits on your operation.

See <http://www.ipm.uiuc.edu/bulletin/article.php?id=976> to read an article by Carl Bradley from Univ. of Illinois about fungicide use on corn in 2008. Another good 2008 article is by Alison Robertson at <http://www.extension.iastate.edu/CropNews/2008/0703Robertson.htm>

### Fungicide for Soybean

Fungicide use on soybean has also been evaluated for leaf disease and yield benefits when leaf diseases are not present. Many of the same reasons for the yield response in soybeans are similar to the yield responses in corn. There has been very little leaf disease in soybean the past several seasons. However, some fairly consistent yield benefits have occurred.

Fungicide use on soybean may be easier to manage since many farmers can make the application with their own spray equipment. Fungicide application may be timed with herbicide and/or insecticide applications. Remember that fungicides need good

spray coverage for good performance.

A summary of 23 different fungicide trials in northwest Iowa conducted by ISU Extension personnel from 2005 to 2007 showed that:

- The overall yield increase from fungicide was 1.8 bu/a.
- 20% of the treatments had a statistically significant yield increase which resulted in a 3.8 bu/a yield increase.
- Some varieties responded more than others. However, no clear pattern of response was obvious. Higher yield potential was a factor sometimes.

## Cattle Industry Numbers

By Beth Doran, ISU Extension Beef Field Specialist

How important is the cattle industry in Iowa? Recent statistics indicate that Iowa now ranks fourth in the number of cattle on feed, surpassing Colorado which originally held this position. Iowa can be very competitive, especially because of our plentiful feedstuffs – corn and corn co-products.

The recent 2007 Ag Census indicates that beef production is extremely important to NW Iowa. Below is a table that lists 20 NW Iowa counties and their state ranking for the number of cattle and calves and for the value of cattle and calf sales.

County	State Ranking for:	
	No. Cattle and Calves	\$ Sales of Cattle & Calves
Buena Vista	51	35
Calhoun	73	34
Carroll	6	2
Cherokee	10	9
Clay	45	29
Crawford	20	24
Dickinson	59	33
Emmet	28	21
Ida	23	28
Lyon	2	3
Kossuth	35	22
Monona	68	41
O'Brien	11	10
Osceola	31	27
Palo Alto	74	Not Disclosed
Plymouth	5	7
Pocahontas	90	73
Sac	13	8
Sioux	1	1
Woodbury	16	14

Twelve of the counties were in the upper third ranking for number of head. But even more important is the dollar value of sales. Fifteen of the counties ranked in the upper third of sales value and seven were in the top 10 counties! The cattle industry is extremely important to the economic viability of a county.

There is a multiplier effect – the effect of each dollar generated directly through cattle production is multiplied seven times in indirect revenue generated within a community.

## Traceability

By Beth Doran, ISU Extension Beef Field Specialist

I recently attended a national conference on traceability and want to share some highlights:

- Is traceability a target or a shield? Does it make you more or less vulnerable?
- Traceability does not imply food safety or food quality. It simply means that the commodity can be sourced throughout the food chain.
- Premiums may exist for commodities that can be traced throughout the food chain, but not necessarily for each segment of the food chain.
- It's estimated that it costs \$150 more to raise natural beef.
- Challenges for traceability in beef include accountability, technology, intervention, RFID technology, cost, and information flow and coordination.

On a side note, some of the countries that we have exported beef to may be changing their BSE status and expanding their age limit from 20 months to 30 months. This change may affect the premiums that U.S. cattle feeders have received for age verified cattle. It's likely that these premiums may be reduced.

## MANAGING Tough Times

[www.extension.iastate.edu/answers](http://www.extension.iastate.edu/answers)

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