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Top 10 Drought Management Tips for Ranchers

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- 1. Adjust stocking rates to match drought-induced reductions in forage yield, in order to avoid long-term damage to the base forage resource.**

Several feasible options exist to effectively reduce stocking rates on pastures. Consider early weaning to reduce the quantity and quality of feedstuffs needed to meet cow nutritional requirements.

- 2. If liquidating livestock becomes necessary, be sure to understand that younger breeding stock has a higher net present value over the long term.**

Therefore, open cows and older cows (10+) should be liquidated first, followed by middle-aged cows (6-9's), and bred heifers. This will help maintain a younger, more valuable breeding herd to build on when coming out of the drought.

- 3. Monitor water quality in both surface water sources and wells to avoid poor cow and calf performance and death loss.**

Research has indicated that water containing 3000 ppm sulfate can be fatal for cattle and that sulfate levels of 1700 ppm could reduce animal performance. High-sulfate

water also can cause a substantial reduction in copper absorption. Mineral supplements for cattle consuming high-sulfate water should be fortified with copper.

- 4. Maintain close communications with your lenders to keep them abreast of your financial situation.**

Many financial management options exist in the early to mid stages of a drought, such as negotiating interest-only payments, restructuring current-term debt, and adjusting for changing cash flow projections.

- 5. Create a captive supply of lowest-cost winter feed early, before prices spike in late summer.**

Compare both the value of a particular feedstuff and transportation costs. (For example, more expensive hay may be cost effective if it doesn't have to be shipped as far.) Various alternative feeds should also be considered. Often the prices of these feeds are very cyclic in nature. Monitor the prices of these feeds throughout the year to identify the best buy.

Storage and handling of certain alternative feeds can be challenging. Consider how the product will be used before purchasing a co-

product feed. Co-products from ethanol production may be high in sulfur, which can compound issues with poor-quality water.

- 6. Consider all sources of forage (e.g., CRP, cereal grain and corn hay, alfalfa, straw, and silage) and their management considerations (e.g., feed quality, nitrate concentration, and herbicide/pesticide restrictions).**

Be sure to consult with your crop insurance adjuster to determine claim payout limitations before using crops for forage.

- 7. Monitor cow BCS going into and through winter.**

Ideally, mature cows should be in a BCS (body condition score) of 5 to 5.5 at the time of calving. Younger cows should be at 6 to 6.5. Management of cows over the winter should be based on BCS. If cows are fleshy after weaning, they may be able to lose some body condition over the winter. On the other hand, mid-gestation (after weaning) is generally the most effective time to add body condition to thin cows.

- 8. Understand the economics of creep feeding calves.**

The old rule of thumb for creep feeding is that when feed is cheap and calf prices are high, then creep feeding pays. However, under drought conditions, it is important to understand what the objective of creep feeding is. Creep feeding will do very little to save forage; only the forage consumed by the calves will be spared. As such, if the goal is to stretch forage supplies, early weaning may be a better option. But if the goal is to improve weight gains of the calf crop without moving them to a drylot, creep feeding may be desirable.

The cost of creep feeding can be quite high, so careful calculation of feed cost and expected returns is essential.

- 9. Understand the economics and feasibility of feeding cows in a drylot.**

It is very possible to feed beef cows in drylot for an extended period of time. Diets can be formulated to provide exactly what the cows need during various stages of gestation or lactation. But there are several considerations to take into account prior to making the decision to drylot cows.

First is simply the cost of feed ingredients. Use of low-quality roughages and co-product feeds may help reduce feed cost. Depending on the facilities, equipment, and labor availability, it may also be possible to limit-feed cows a high-grain diet. Feed costs can be reduced substantially under this system, but it does require more labor and management.

Yardage charges may also need to be considered. In commercial feedlots where calves or yearlings are fed, yardage charges can range from \$0.25 to \$0.35 per head per day. It is reasonable to expect the per-head charge to be slightly higher for cows, because there will likely be fewer animals to pay for the accumulated expenses.

- 10. Consider using risk management strategies (e.g., futures, options, and livestock risk protection program).**

If faced with higher feed expenses a price-protection strategy can assure you a margin exists when calves are sold. Droughts can also spread to other areas affecting feed supplies and ultimately cattle markets. Futures contracts are probably most useful for those backgrounding the calf crop. Put options will lock in a floor price, while leaving the upside open. Livestock Risk Protection insurance can match up well for small lots of calves and typically reduces basis risk compared to using put options.