FOOTHILLS FORAGE AND GRAZING ASSOCIATION
Innovation, education and regenerative agriculture

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GRASSROOTS NEWS & VIEWS
January 2022

Chairman's Note — Rod Vergouwen

Howdy Folks,

Greetings and Happy New Year. I hope everyone was able to have an enjoyable Christmas holiday with friends and family. The new year promises to be a year with changes, challenges, and new beginnings.

Congratulations to Sonja and George who are expecting a new baby and welcome to Kayla who is filling in for Sonja while on maternity leave. At the ranch we are continuously making plans A, B and C for the upcoming year with the extreme lack of moisture in the soil and lack of surface water in ponds and dugouts. These plans include watering options, grazing rotations, stock densities, type of livestock, stockpiled and stored feed, destocking options, and marketing.

Droughts have come and gone, and they are not easy to manage through but having a plan in place makes decisions much easier. Integrating livestock in annual cropping systems has huge benefits and with the increased cost of inputs this year it is a great time to visit with our grain farming friends and neighbors to explore new options that can benefit everyone.

Foothills Forage & Grazing Association is committed to providing industry leadership and is forging ahead through these crazy times to provide in person field days and events while following government restrictions. I encourage everyone to bring someone new and attend these events. Ranching Opportunities and Ladies Livestock Lessons are both excellent opportunities to teach some of us old dogs' new tricks and a great chance for newcomers to get introduced to the industry. The social aspect of networking, meeting, and sharing ideas is extremely valuable personally and professionally.

And a huge thanks to the board and staff who work extremely hard to provide these events with the ever-changing rules and regulations.

Rod Vergouwen

1930's horse barn on the Valley View Ranch.
Photo: Rod Vergouwen

IN THIS ISSUE

Stock Density

Holistic Management is a decision-making process. "The Power of Stock Density" comes from the combination of using four tools (animal impact, grazing, technology, and rest). Proper planned use of these tools can result in moving toward your holisticgoal. This three-part holisticgoal includes: 1) what we want; 2) how we desire to accomplish what we want; and 3) vision of our landscape. The following will explain Allan Savory's observation of herd effect-animal impact-ultra high stock density and time-rest-recovery. Also included are experiences of fourteen producers who practice ultra high stock density.

Herd Effect – Animal Impact – Ultra High Stock Density

Ultra high stock density is a principle of holistic management first suggested by Allan Savory. The author considers ultra high stock density to be 300,000 pounds or more of beef per acre at any given time. With these high stock densities, animal impact and herd effect can occur.

Stock density can be expressed as high or ultra high stock density. One million pounds of beef on one acre for one hour in 2009 is a good example of ultra high stock density. The results of such practices over the years have been reported to thicken stands, increase diversity, and increase production over two-fold. The land has become more drought tolerant. Forty-thousand pounds of beef on one acre for one day may be called high stock density. The utilization has increased. Thus, stocking rate increases some. The resiliency of the land does not change.

Animal Impact is the total of the direct physical influence's animals have on the land – trampling, digging, dunging, urinating, salivating, rubbing, and so on. Most achieved with herding animals in high concentration. The larger the herd size, the greater the effect.

Herd effect is the impact on soils and vegetation produced by a large herd of animals in high concentration or in an excited state. Herd effect is the result of a change in animal behavior and usually must be brought about by some actual management such as salt placement, crowding animals, ultra high stock density, etc.

One of Savory's four insights includes some tools work differently at different brittleness levels. Animal impact works in environments that tend to be brittle.

Time – Rest – Recovery

Many people confuse rest and recovery periods. Rest is only a management tool. Recovery is the time it takes a plant to recover from the last period of grazing. The roots need to be fully recovered prior to regrazing. Savory suggests that all plants be fully recovered before grazing. In general, that thought leads to long rest periods.

We overgraze plants and not pastures. If a plant is regrazed before it is fully recovered, its future growth will be reduced, or the plant may die. We often see overgrazed plants in continuously grazed pastures, even when these are understocked. We can also undergraze plants. If the plants are not grazed in a brittle environment, the top material will dry and oxidize, turning it into very low-quality plant material. The center of the plant dies, and the outside of the plant grows spindly shoots or tillers. This plant may eventually die, and the pasture will naturally thin. This is easy to see in the Sandhills of Nebraska, especially with Little Bluestem (Schizachyrium scoparium). In brittle environments it takes animal impact and herd action to break soil capping, break off oxidized plant material, and cause needed seed germination. Without grazing the pasture, it keeps deteriorating. Since Nebraska has moderately brittle conditions, herd effect and hoof action only help under most conditions. The experienced manager will learn to get a feel for when and where it will not work.

Using the holistic principle of managing for what you want takes a great deal of thought on the principle of time. Giving ample time overcomes many errors. For ultra high stock density grazing to work well, it appears much time needs to be allowed for recovery before regrazing. In an environment that tends to be brittle, grazing one or two times a year appears to be most successful.

Experiences Reported by Producers

Research on ultra high stock density including animal impact and herd effect is nearly non-existent. Appropriate research being complicated, complex, and expensive. The following is a summary of fourteen producers who have been using ultra

(Continued on page 3)

On the cover: *Cattle Winter Grazing Photo: Lee Gunderson*

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(Continued from page 2)
high stock density. The reports come from practitioners in Nebraska (6), Missouri (2), South Dakota (2), Iowa (1), Saskatchewan (2), and Florida (1). Four of these survey results come from non-brittle environments, while the other ten come from different degrees of brittle environments.

These results represent 115 years of experience using ultra high stock density. Their range of experience was 1 to 30 years (six producers have been practicing ultra high stock density for five or more years). Herd size varied from 35 to 800 standard animal units. Their herd size preference tended to be to the highest level they had experienced. For the group, the average herd size preference was 464 standard animal units. The producers had varied experiences of grazing from single animal types to multispecies groups. Sheep, goats, buffalo, cows, cow/calf, stockers, and near all combinations were included in their experience. Regardless of species or type experience, the same results occurred. Their most common preference to graze was stockers.

Stock density experience ranged from 10,000 pounds per acre to 1,300,000 pounds per acre. They moved from 1 time per day to once per hour in the daylight. The most common moves included once or twice a day. Their stock density preference tended to go toward their highest stock density experience, but most did not want to move over 2 times per day. Their most common preference in high stock density grazing was 250,000 to 500,000 pounds per acre. Over and over, they reported that with higher stock density the best results came back to the land assuming plenty of time for recovery was allowed.

Eighty-six percent felt stocking rate increased as a direct result of ultra high stock density grazing. The increase ranged from 0 to 5-fold. The most common report was a doubling in stocking rate. Animal performance did not change on the average (21% increased performance, 58% had no change, and 21% decreased performance). All producers felt the land greatly benefited from ultra high stock density grazing. Most included the following benefits: more water infiltration, increased drought tolerance, better covered land, more plant diversity and biodiversity, increased soil health and life, increased net production, and resiliency.

The greater increase in benefit to the land was noticed more in the brittle environment, more benefits to native pastures. Irrigated grass and non-brittle environments showed benefits to the land, but less than other areas.

Sixty-five percent of producers said that ultra high stock density has resulted in high profits, primarily because stocking rate has increased. The other 35% of the producers expect increased profits as a direct result of the high stock density grazing.

The following quotes help to tell the producers' stories:

"High stock density is great for the land, but there is a fine line between pushing cattle too hard, to the point of losing condition. We need to help the land as much as we can, but we still need gains." Kirk Bruns, Nebraska

"Profits have gone up because of increased production." Pat Steffen, Nebraska

"I am second guessing the high density in certain respects for the areas with timely rainfall above 30 inches. Unless I am able to move the wire forward one foot at a time I am unable to utilize the forage." Tim Kelley, Missouri

"Focus on animal performance first or you will go broke. When I was focusing on animal impact, what I wanted my ground to look like, my animal performance went in the toilet. When I focus on animal performance, I am expecting near 100% bred up, my buffalo look fantastic, as well as my land is improving." Phil Jerde, South Dakota

"I have noticed changes in biological activity. Dung beetles and earthworms are increasing. More litter and more trampled plants are in contact with the ground. Width of plant leaves increased, and they seem greener after recovery." Randy Holmquist, South Dakota

"We have had success with cow/calf, stockers, and grass finishing herds. On a custom basis, we prefer stockers as they usually give us the best return per acre. The greatest potential may actually be on native pastures." Kevin Fulton, Nebraska

"Warm season grasses are showing up without being reintroduced by us. There seems to be more opportunities (environments for new plant species) to start. This thickens the stand and improves the diversity." Tom German, Iowa

"High density grazing can have a good, bad, or no impact on animal performance depending on what you do. If you force them to eat too much of the forage you can easily hurt performance. I think this type of management can have an incredible impact on the environment, animal welfare and on agriculture economically. Until government subsidy programs are reduced or eliminated, there will not be a large-scale adoption of it. Too many people are too reliant on them and will not wean themselves off of them without being forced to." Doug Peterson, Missouri

"With ultra high stock density grazing the need for fertilizer is not so much apparent." Ellis Schrunk, Nebraska

"The value to the land requires the higher density." Wayne Rasmussen, Nebraska

"High stock density has resulted in better water holding capacity, more carbon stored, healthier animals, more wildlife, and drought proofing of the land." Neil Dennis, Saskatchewan

"To have healthy land we have to graze properly. To build land we have to use higher density to create the same effect the bison herds did several 100 years ago. Once the land planning is done and the infrastructure is in place, it is very easy to do and takes very little time. It seems the higher the density the more time commitment required." Blain Hjertaas, Saskatchewan

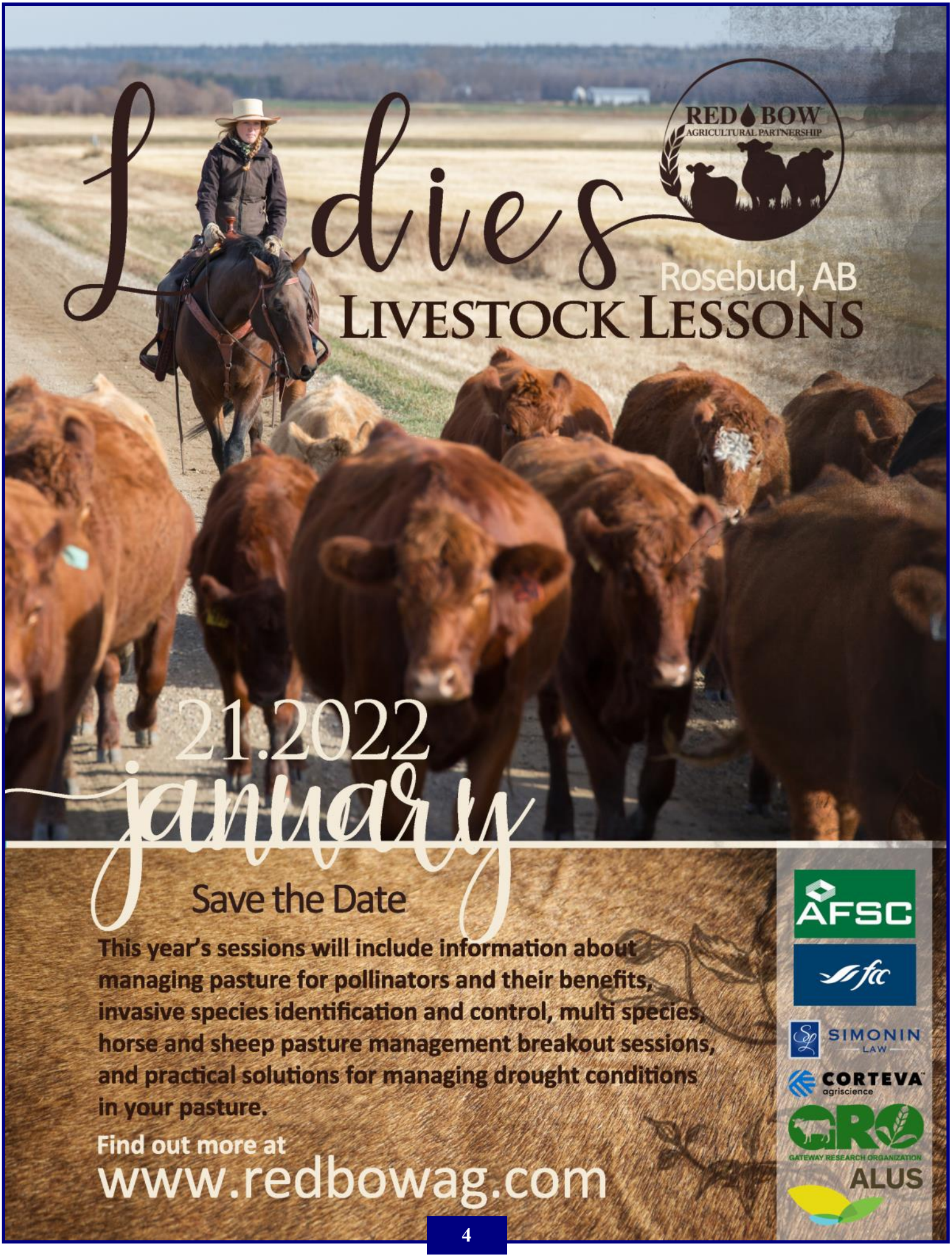
"I have been so impressed with the growth of grass and to grow so many varieties that I have not planted. Next year should be tremendous for livestock and soil performance." Ino Velazquez, Florida

"I have used cow/calf, stockers, mixed herds, and more. I have done it with everything and that is fine, but I do prefer stocker heifers. High stock density is a low-cost way to improve the land." Chad Peterson, Nebraska

The fourteen producer surveys agree with Savory that ultra high stock density heals the land. It appears that this healing is greater in a brittle environment. This too supports Savory's insight of some tools work different in different brittle areas. The ultra high stock density has increased stocking rate and increased profits. There appears to be little affect on animal performance.

Author: Terry Gompert

Original Article: https://albertabeef.ca/cattle/stock-density/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Regenerative ag has to prove itself

Regenerative agriculture has a key role to play in pulling carbon into the world's soils and helping fight climate change, says a U.S. soil scientist who is studying the practice.

However, it will need to both carefully manage the agricultural role of carbon and be able to prove its value to the wider world.

"In the midst of all these challenges … soils are really central," said Francesca Cotrufo, a soil specialist with the Natural Resource Ecology Laboratory at Colorado State University.

"We really need to do something to restore carbon."

Cotrufo told farmers at Manitoba Forage and Grasslands Association's annual regenerative ag conference that enormous amounts of soil carbon have been lost over decades of tillage, disturbance agriculture, simple rotations, and indifference. Erosion and stripped soil have emitted more carbon than they have stored, he said.

Soil organic matter proportions have collapsed, allowing significant amounts of stored carbon to escape. That has led to agriculture being one of the biggest contributors to carbon escape among industries.

However, Cotrufo said regenerative ag practices are an excellent way to reverse that situation. The entire focus of the practice is to build up soils and enrich them with few outside inputs, producing better output through improved management of soil and water resources.

Fewer inputs are needed as more natural sources of fertility develop in the soil. That draws carbon out of the atmosphere and delivers it back into the soil, where some of it arose through natural processes.

She said returning farmland to its natural, unfarmed status doesn't makes sense because the world needs to be fed. However, she added, farming must be done in a way that collects more carbon than it emits.

"We really are left with having to manage the arable land we have with regenerative practices," said Cotrufo.

Those include:

- Perennial crops and forages.
- Cover crops.
- Livestock as part of a crop rotation.
- Sophisticated rotations.

A challenge for farming is that producers must interact with soil to grow crops, which can result in carbon loss. However, growing crops and grazing livestock can produce the boost to soil health that is needed to become a carbon sink. Balancing the risk of emission with the need to build up the soil is one of Cotrufo's research focuses.

"I think that regenerative agriculture can really address what we need to do now and solve the carbon dilemma," said Cotrufo.

Convincing the public that farmers are putting away more carbon than they're emitting won't be easy, especially in an age in which livestock production is often labelled a major carbon emitter.

However, that could change if farmers develop accurate ways to measure and estimate the amount of carbon their activities store and emit. He said only solid measures will likely satisfy those worried about climate change.

Once they are accepted, they could be bought and sold in a carbon market, providing farmers with much needed income.

"I call for a very careful and accurate quantification of the carbon generated by regenerative practices before they are sold on the market," said Cotrufo.

Climate change is putting pressure on agriculture and upsetting many farmers, who feel at least partially blamed for the situation, but Cotrufo said regenerative ag can turn that around.

"Up to now we really have misused our land and created what is called a carbon debt," she said.

Regenerative ag practices can turn that debt into a series of repayments, she added.

Author: Ed White

Original Article: https://www.producer.com/news/regenerative-ag-has-to-prove-itself/

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Looking Forward to 2022 Markets (and beyond)...

For all the supply shocks, the rapid inflation of food and energy prices, surging grain prices, $200+ hay prices, widespread drought, Covid variants, lock downs, government overreach, fertilizer shortages, and other exciting things we saw this past year, it was actually just a steady-as-she-goes market for calf prices wasn't it?

Market prices, especially calf prices have been travelling sideways since 2016. This was our fifth straight year of the $2 range in calf prices. It did however pay to pick your moment to price or hedge your calves, even in this sideways market. The high prices for five weight calves was near $2.40/lbs. and the low we saw for those same calves this November bottomed out around $2.05/lb.

That $0.35 cent drop is worth nearly $200/calf that could be captured or lost depending on when you priced your calves, so ranchers need to be on the ball! That market swing is more than the benefit of adding 50 lbs. of weaning weight or a 5% better weaning ratio combined. Ranch management is important, but so is market management!

Most ranchers I talk to are a bit frustrated by flat calf prices amid rising costs and risks. Risks such as hay, grain, and fertilizer prices rising or drought fears are top of mind. The good news is that although some of those inflation elevated prices are expected to stick with us for a bit, it looks like there may be some upside for us in 2022.

In fact, cattle prices are low enough now that it is creating some major opportunity for us in the new year if you are able to capture some of it.

Did you know that if you background a five weight steer at 2 lbs. a day until spring, put him on pasture until September, the futures market predicted price for September offers over $300/head in potential profit margin using standard industry costs of production?

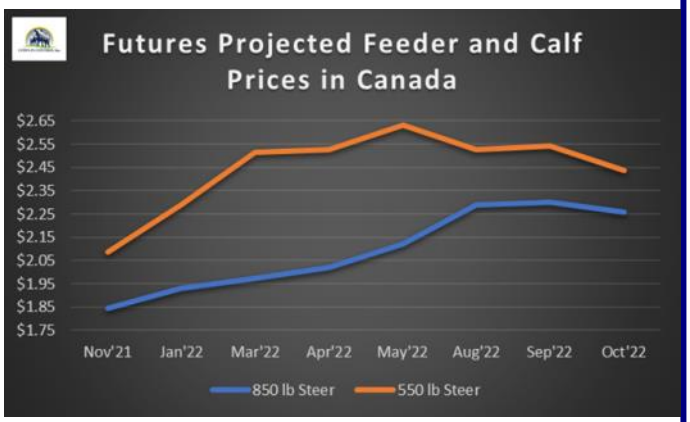
Or how about these cows that are selling for $900-1000/head? My numbers are showing over 100% return on investment by the fall if current futures prices are accurate. These are fantastic opportunities if looking to add to your numbers. Just be careful not to overstock!

What about the drought? Both of these scenarios are pricing in current feed prices. Back to back drought is a concern for sure for 2022. From what I have seen from both NOAA and Dr. Art Douglas who predicts the weather each year at the Alberta Beef Industry Conference, drought is definitely the call for the US again this year as La Nina continues on into next summer. However, there is a trough of moisture and cooler waters developing in the Alaskan region that may bring some colder temperatures this winter, some added moisture, and may alleviate a lot of our drought risk and concern in Western Canada going into next summer according to these experts. With weather, none of it is bankable of course, but it does offer some hint of optimism for us.

Fertilizer shortages, short grain supplies in Canada and drought in the US are definitely going to keep grain and hay prices elevated in Canada into 2022, so grow what you can. Maximizing cow numbers is not the best strategy for 2022, but rather optimizing a balance between feed production, cow numbers and including a mix of yearlings in your operation that are liquid and easily marketable to sell if drought continues or ramp up numbers if it looks like a good year.

The price of a Canadian feeder is about 75% derived from the US feeder futures market, around 10-20% is based on the Canadian dollar exchange rate, and 5-15% is basis or the different supply/demand fundamentals of Canada versus the US. What this shows us is that we can use the futures market as a fairly accurate predictor of cattle prices looking forward in Canada.

Below are the futures predicted prices of both 5 and 8 weight feeders out to next fall. $2.45/lbs. calves and $2.25/lbs. feeders by next fall doesn't sound too bad. This is based on today's (Dec 21) futures market. A rising futures market will improve these projections, and that could certainly happen.



Packers in both Canada and the US have been sitting on massive supplies of fed cattle and record high beef prices out the back end of the plants. They are in the perfect "sweet spot"

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and a 300% increase in packer profit margins since Covid has proven so.

There are 9% more cattle than there is space to process them in the US. Covid created over 1 million head of backlogged cattle that has now been whittled down to 300 thousand or so. Canada had 130,000 head of backlogged cattle and worked that through by the early days of 2021.

Packing capacity in the US is expected to add around 8-10,000 head per day capacity in the next 3-5 years. Those $700/head packer margins (over $1000/head during the prime of Covid era) will start to drift back to feedlots and producers over the next few years as packing capacity increases, and cattle numbers continue to decline in both Canada and the US.

The 10 year cattle cycle is in full swing. Numbers peaked and prices troughed in 2020. By 2025, inventories should be lower and prices will likely peak, so we have some runway ahead of us for higher prices.

Feeder futures have been sideways trending for six years as we mentioned earlier. However, you can see by the chart below that a break out is occurring here, and we are set to enter a new trading range that is higher but also wider in its price trading range.

The futures market is already pricing in the blue box on the chart today which confirms the breakout. Generally, however, when a market breaks into a new range, it tends to test its boundaries like a teenager with a new car. A test of the old highs is not out of the question for the next few years as we head toward the cycle highs by 2025. The green box indicates those potential levels. That indicates 8 weight prices around $3/lbs. and calf prices $3.30/lbs. or so. How do you like those apples?

Of course, we must temper these optimistic projections with drought risk, potentially more BSE cases being found, plant shutdowns, demand destruction, or other risks that can make it a very rocky ride, and thereby create reason to be cautious, and to keep hedges in place. So we build for the optimistic and hedge for the risks along the way.

One result of governments printing too much money during Covid is that it has created a false economy of too much money chasing too few goods. This has created supply chain bottlenecks. Couple this with environmental regulations and carbon taxes that are hampering the development of commodity production in sectors like oil and agriculture, and we can expect inflationary forces to continue. Oil, natural gas and gasoline will likely remain high or even elevate. This impacts our costs on the ranch. It definitely impacts fertilizer prices which are projected to remain high out to next summer. Hay prices will not likely drop in this environment. Especially if you couple this with potential drought in the US. Grain prices will be the same story. The cost side of our balance sheets will remain high, which is why we need to focus on returning cattle to living more days on ranch forages versus grains or inputs that require fuel, fertilizer or other inflation prone inputs. Focus on increasing the shoulder season of the grazing period with cover crops, banked forages, and winter grazing methods. Then stock appropriately so as to be able to do so. Graze longer, and feed less.

The cattle markets will adjust to the higher cost environment, they have to if the world wants to eat beef. If Covid has taught us anything, it has taught us that consumers really like beef. Beef prices were never higher than they were during Covid, and rising against chicken and pork prices despite the fear in the market.

2022 will be about balancing your operations. Grow as much feed as you can, whether hay, grains or cover crops. Try to grow enough feed to feed your way through a potential repeat drought no matter what happens to feed prices. Adjust your cow numbers if you need to. Balance your cow herd out with yearlings so that if feed is tight next summer, you have cattle that can be liquidated.

Lastly, keep an eye on all of this environmental hysteria and carbon market focus. The carbon you sink in the ground is worth a fortune even if it isn't recognized as so just yet. Cattle and forages are the solution to the carbon fears. Under every cow is 10 or more acres of grasses and forages sinking carbon. Manure is the key to fertilizer shortages. Double cropping with livestock and cover crops reduces the need for pesticides and herbicides. Soil regeneration needs livestock, so we are in the drivers seat, not the culprits as many would depict for soil and climate preservation.

2022 and beyond looks like a positive era for cattle prices. Hopefully you are able to manage your costs as best possible and take advantage of the upside potential this market has to offer. Best wishes for 2022 and for the outlook of forages and cattle on your operations this year and beyond! The world needs you more than it may know.

Author: Ryan Copithorne
https://cowsincontrol.com/

COWS IN CONTROL Inc.

Does market analysis enhance your profitability?

I've received many calls from cattle producers over the past few months regarding the feed and forage markets. The drought resulted in lower western Canadian grain and oilseed production. Forage crops were also devastated in many regions. Cow-calf producers are struggling with historical high forage and hay prices. Feedlot operators are facing the highest feed grain prices in history.

Some producers have managed well through this period and are in decent shape over the winter. They purchased weather and market analysis earlier in the spring and took the appropriate action to endure this difficult period. There are always those producers who don't take any precautions to upcoming risks. They say market analysis is too expensive for them. The most common response I receive is that "I'm a small operator so I can't afford it."

The smaller your operation, the more you need to learn and the more you need to spend on market analysis. A smaller operation doesn't have the economies of scale. Cattle production is a purely competitive market. In a purely competitive market, margins are zero per head long-term. Costs drop to the least-cost producer. This is Economics 101. Ask yourself, what are my edge and competitive advantage? If you can't answer this immediately, you don't have an edge. You must be smarter than others.

Let's look at this last year as an example. Western Canadian weather patterns move in 18-year cycles. The early 2000s were very dry years in Alberta and Saskatchewan. The years 2002 and 2003 were particularly dry. Many friends of mine from university didn't start their combines in these years. Just knowing this information tells you that you must be prepared for a drought in 2020 and 2021. Cow-calf producers need to be aware of this and plan in advance accordingly. In any case, there are a lot of weather services available for as little as $200 per year. If you are a cattle producer or engaged in any type of farming, you need to subscribe to a weather service. It will pay off immensely. Trust me, it will keep you in business. If you are sleeping on a railway track and see a train coming, you need to get off the track. The 2021 drought was a freight train long time coming and yet many producers were surprised. You should have started to plan for the 2021 drought back in 2003.

Second, fundamental market information is vital to your long-term strategy and long-term success. Statistics Canada estimated the barley crop at 7.1 million tonnes, down from the 2020 output of 10.7 million tonnes. Some analysts like myself believe the 2021 crop is even smaller. Canfax reported that cattle-on-feed inventories in Alberta and Saskatchewan are up nearly 20 per cent from last year. The Canadian Grain Commission reports weekly barley exports every Thursday. For the week ending October 31, Canadian barley exports were 962,000 tonnes compared to 907,000 tonnes last year. Production is down 35 per cent, domestic feed demand is up 20 per cent and export demand is up about 10 per cent. Should the price go up or down? This information is all at your fingertips. However, markets are efficient. Getting this information is helpful in a long-term trend. Receiving forecasts from analysts in advance gives you even more of an edge.

In some cases, you have to treat your cow-calf operation as a factory. When the central banks drop their benchmark rate to historical lows and have an easy money policy, you must expand your factory. The central banks do this for your benefit and also for the economic well-being of the country. Put aside the sarcasm or the conspiracy theories for a minute. If you don't grow a bit each year, your operation shrinks because of inflation. This is sure. A factory will know how demand changes with changes in interest rates. Despite the COVID-19 lockdowns last year, beef demand went up. North American consumers ate more beef at higher prices.

Technology and genetics improve production practices to enhance efficiencies. Twenty years ago, a 600-pound calf was a big calf; now an 800-pound steer is a big calf. Producers are on top of the most modern production practices. Somehow when it comes to market intelligence, this has slipped by the wayside.

A famous quote by Warren Buffet goes like this: "Read 500 pages every day. That's how knowledge works. It builds up like compound interest. All of you can do it, but I guarantee not many of you will do it."

We can't be envious of successful people; we have to emulate them. We must learn from them. I stated to one caller, if you are not going to invest $2,000 per year on market information and making yourself more intelligent, then you have other issues. You can get help with this. My main point is this: invest in yourself and don't be cheap. There is plenty of market information available; some of it you have to pay for. Instead of buying a new pickup truck, invest in yourself. We can and are obligated to help our neighbours when there are adverse natural disasters; this is Christian-like. We can also help our neighbours make better decisions and save for the drought instead of the rainy day. We can tell them when the freight train is expected.

Author: Jerry Klassen
Original Article: https://www.canadiancattlemen.ca/markets/does-market-analysis-enhance-your-profitability/


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Mission: Assisting producers in profitably improving their forages and regenerating their soils through innovation and education.

Vision: We envision a global community that respects and values profitable forage production and healthy soils as our legacy for future generations.

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