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# Animal Industry News Update

## from the LCES Animal Science Specialists

**Horses (Dr. Clint Depew)**
**2008 Equine Outlook**

**National Situation**

There are approximately 9.2 million horses in the U.S. and almost 2 million horse owners. The total economic impact as reported by the American Horse Council is $102 billion. Approximately $32 billion is generated by recreational activities, $28 billion from the horse show segment of the industry, and $26 billion from the racing segment. Almost $15 billion is generated from other industry activities. 453,000 direct jobs and 1.4 million total jobs are generated by the horse industry. There is a 5% increase in horse population and impact per year. However, there are some signs of market saturation and a softening demand. Since, slaughter facilities have been banned in the United States, 90,000-100,000 horses are added to the market each year. Mexico and Canada have expanded their slaughter operations and are taking about 60,000-70,000 horses per year. Prices for these horses are extremely low because of the high transportation cost. Therefore, the industry has about 100,000 unwanted horses which have essentially no value. In addition the price of gas and a general softening of the economy are impacting the availability of recreational dollars for the horse industry. The industry can expect a general softening of the horse market as a result of excess horses, gas prices and the tightening of recreational funds.

**Price Outlook**

Horse prices vary drastically from million dollar horses at the top of the market to essentially nothing for horses at the bottom of the market. Sales results indicate that the top horses bring top prices in all segments of the industry. Because of the emphasis on quality, prices for top horses continue to escalate while average horse value is declining. Horses at the bottom of the market have little or no value. The cost of producing horses continues to increase with stud fees moving higher. The price of feed, vet supplies, facilities and labor are steadily increasing. Basic cost for a very efficient operation will average $5,000 to $6,000 per horse. More extensive operations may average $8,000 to $10,000 or more. Therefore, the average yearling must be priced at $8,000 to $10,000 in order for breeders to make a profit. Thoroughbred sales in Louisiana averaged slightly over $10,000 per yearling, with quality horses going up to $25,000 to $30,000. In addition, selected markets for Quarter Horses and others have prices around $7,000 to $8,000 for quality horses. Therefore, market prices are available to sustain a horse business if the quality of horses is sufficient. Below average horses or horses without a specific market niche will be losers in the current market.

**Louisiana Situation and Outlook**

The influx of casino supported purses for the race horse industry has resulted in an increase in breeding mares, from approximately 2,000 to 5,000, in the last 3 years. Training and racing operations are expanding also. Quality horses are still needed to capture the influx of money into the racing industry. The large purses are attracting outside breeders and owners, from Kentucky, California and Florida. Louisiana breeders should pay close attention to horse quality in order to be competitive and capture the economic opportunities being presented by the influx of casino funded purses. The race horse industry continues to face a declining audience and an aging producer population. The marketing and promotion of horses in the racing industry continues to be a problem. Relatively small fields in most races indicate that there are still opportunities for more horses in Louisiana racing.

Competition horses continue to expand in areas of barrel racing, roping, ranch horse competition and others. Horse shows have declined with more emphasis on a few big shows as opposed to a lot of smaller shows. The specialty areas such as cutting, roping and barrel racing have attracted a larger field of competitors. A newly formed ranch horse association is expanding opportunities for Louisiana competitors in the show arena. There continues to be an influx of youth and adult horse enthusiast.

Trail riding and recreational activities are the primary interest of 70% of the Louisiana horse owners. The trail riding associations scattered throughout the state are the largest organizations in Louisiana. These horsemen spend a great deal of money in their recreational pursuits. Much of these expenditures are going out of state due to the lack of trails and campsites in Louisiana. There is tremendous opportunity to increase the economic effects of these recreational riders by developing trails in the national forests and other state owned lands. More campsites, housing and dining facilities are needed in order to keep these riders in Louisiana and to attract out of state riders. Opportunities for economic development of the trail riding community are readily available.

**Animal Health (Dr. Christine Navarre)**
**Prepare a Calving Kit**

It's a good idea to prepare a calving kit so necessary supplies are ready when you need them. Place everything in a tool box or large bucket. Items to include in the kit:

- Lube
- Chains and handles
- OB sleeves
- Bucket
- Mild soap
- Towels
- Dip for umbilicus
- Flashlight
- Calf processing equipment
    - Calf scale
    - Knife for castration
    - Tattoo kit
    - Tags
    - Implants
    - Record book
- Veterinarian contact information

There are some medications that may help resuscitate calves, and in some cases oxygen may be indicated. Talk to your veterinarian about protocols for calf resuscitation and other needed medical supplies.

## Poultry (Dr. Theresia Lavergne)

### Poultry and Eggs

### National Situation

Total broiler production for 2007 is estimated to be 35.9 billion pounds, which is slightly higher than in 2006 (35.8 billion pounds). Wholesale price of broilers averaged 76.3 cents per pound, up 11.9 cents per pound from 2006. Total broiler exports for 2007 are estimated to be about 6.4% higher than in 2006. Egg production decreased slightly (1.1%) in 2007 (6.4 million dozen), and egg prices increased 41 cents per dozen in 2007 (113 cents per dozen). Per capita consumption was 249.2 eggs and 85.4 pounds of broiler meat in 2007.

### National Outlook

Due to larger numbers of chicks placed for growout and increased average broiler weight at slaughter, broiler production is expected to increase 2-3% in 2008. Broiler prices are expected to remain the same in 2008. The broiler export market is expected to remain the same in 2008. Egg production is expected to increase slightly in 2008. Wholesale prices should decrease in 2008.

### Louisiana Situation

In 2007, 1.06 billion pounds of broilers were produced. The gross farm value of broilers was $794.9 million in 2007. There were 460 broiler producers. There were 814 egg producers in 2007. Total eggs produced in 2007 was 17.7 million dozen. Farm value of commercial egg production was $12.5 million in 2007.

### Louisiana Outlook

Broiler production should follow the national outlook in 2008, which should increase. Broiler prices and net returns should remain similar to 2007. Also, wholesale egg prices should decrease some compared to the 2007 prices, and production should increase slightly in 2008. The number of egg producers should be similar to 2007.

## Beef (Dr. Jason Rowntree)

### Stocker-Backgrounding Programs

Economically speaking, Louisiana beef producers lose a great deal of value because we are a cow-calf producing state. And, without question, the current industry market structure demands that calves weigh more when entering the feedlot.

Using data from 2006, a 550 lb steer averages 111% the price of a 750 lb counterpart. Thus, if a 550 lb steer is bringing $1.20/lb a 750 lb calf should command a price of 1.09/lb. The total price would be $660.00 and $817.50 for the 5 and 7 wt calves, respectively. Background or stocker operators incur cost of gains in the mid forties ($0.45 cost/lb of gain). Therefore, with this example, an operator would incur $90.00 for putting 200 lbs of gain on a calf but, based on national averages, should increase net returns by $67.50. Another factor that certainly behooves a Louisiana background/stocker program is the status of the wheat industry. A majority of our November to December calves end up on wheat pasture.

However, with the global shortage of wheat, prices are poised to approach record highs of $10.00/bu. Economics essentially negates wheat pasture grazing to ensure a crop could be harvested.

Another key point to backgrounding or stocker grazing calves is the availability of dried distiller's grains (DDG's) as a potential supplement to beef calves. For instance, data from Oklahoma State University suggests that 6 wt steers fed 1.2% body weight of DDG's, and ad libitum consumption of low quality hay, gained 2.5 lbs/d with a cost of gain of $ 0.32/lb (using figures of $140/ton for the supplement and valuing hay at $100/ton).

Our challenge in Louisiana, however, is only 5-6% of calves marketed through our sale barns weigh at or above the 600 lb range. Thus, the few calves that are marketed at this weight actually become discounted because buyers cannot put a load of heavier calves together.

In 2007, 750 wt southeastern calves were discounted $11.84/cwt with regards to mid western cattle. Other premises for discount are transportation to finishing areas and perceived diminished performance of southern calves.

Although the potential for adding value to Louisiana calves is obtainable, certain barriers are apparent. First, because the market for a 750 wt calf in Louisiana has been negligible, producers have maximized their land input with cow-calf pairs. Secondly, very few producers have the necessary infrastructure to accommodate adding post-weaning gain to calves. Pens, cross fencing, working facilities, and water lines are all necessary and few producers are equipped. Equally important, our producers are not equipped to handle bulk commodity feeds which are less expensive than bagged feed.

## Dairy (Dr. Charlie Hutchison)

### Dairy Update

The March Class I milk price for Federal Order # 7 Atlanta zone was announced at $19.80/cwt. This price is $2.98/cwt lower than the February 2008 price, but is still $2.45/cwt higher than the price in March 2007. This marks the first time since June 2007 that the class I milk price has been below $20.00/cwt. The good news is the spot cheese market has been over $2.00/lb resulting in gains in the near and far term class III futures market. However, the class III futures are discounted compared to the spot price of cheese.

The latest Dairy Outlook report, from USDA, forecasts 2008 milk production will increase by 2.7% compared to 2007, resulting in lower prices for milk. The all-milk price is predicted to average $16.85 to $17.55/cwt for 2008 compared to $19.13/cwt in 2007. A weak U.S. dollar and continued tight world supplies of milk and dairy products should help the U.S. dairy export market despite a weakening in domestic demand.

The price of feeds still remains high with no real relief in sight. At the Chicago Board of trade, futures for March corn closed at $5.22 ¼ per bushel, May closed at $5.35 per bushel and December at $5.50 ¼ per bushel. Corn futures were down a little over 2 cents per bushel across the board. Soybean futures for March closed at 14 ¼ cents higher at $14.20 per bushel and November soybeans ended the day 12 cents higher at $13.90 ½ per bushel. Soybean meal futures for May ended the day $2.00 higher at $368.20 per short ton. Ethanol futures closed today one cent lower for both March ($2.263/gal) and April ($2.25/gal).

Herd size continues to increase in the U.S. according to USDA figures. Herds with over 500 cows were estimated at 3,215 in 2007 which was up 72 herds compared to the 3,143 herds of over 500 cows in 2006. The

3,215 herds represented about 4.5% of the nation's herds. These herds have about 48.9% of all U.S. dairy cows and produced about 54.1% of all U.S. milk (up from 51.5% in 2006). States that had the largest increase in the number of herds with over 500 head are Wisconsin (20), New York (20), Iowa (15), Texas (10), Minnesota (10), Colorado (5), South Dakota (5) and Missouri (5). Arizona (-10) and Florida (-5) were the only states to show a decline in the number of herds over 500 head. The leading dairy state, California, with the largest number of herds over 500 head (1,100) was unchanged. Most of the western states did not show much growth in the number of large herds but these figures can be deceiving. The total number of cows in states such as Arizona, California, Idaho and Texas were up by a total of 92,000 head in December of 2007 compared to a year earlier. Therefore, the largest herds just got larger.

The total number of dairy farm operations in the U.S. continues to decline. According to the latest Milk Production report, the U.S dairy industry lost 2,935 licensed dairy herds last year. In 2007 there were 59,135 licensed dairy herds in the United States. Despite the loss of herds, milk production was up 2.1% in 2007. The average number of dairy cows on farms in the U.S. during 2007 was 9.16 million head which is up by 0.5% from 2006. Average milk production per cow was 20,267 lb which was up 316 lb compared to 2006. The annual milk production and milk per cow in the United States have both grown about 18% over the past decade.