

Ohio News Watch



800-POUND SOLUTION: Jake Wolfinger says marketing steers without finishing them may be more profitable if feed costs stay as high as last year.

Coping with feed costs

By GAIL C. KECK

REMAINING profitable as a livestock producer may require new management strategies as input costs rise.

"Understand what you are really good at," advises Brian Roe, professor with the Department of Agricultural, Environmental and Development Economics at Ohio State. "You might have to reconsider past production patterns."

For example, producers who are feeding grain they produce should consider the opportunity cost of feeding those inputs as opposed to selling them, says Roe. Whether a producer is raising feed or buying it, the higher prices are hurting.

Dale Ricker, Ohio State swine Extension associate, points out that market prices for hogs haven't gone up with grain prices. "With feed prices at 65% of production costs, it really took the profit out of the pork industry over the last year."

Poultry producers are facing similar challenges with feed costs. Jim Chakeres, executive vice president for the Ohio Poultry Association, adds that energy costs have also become an "exponential problem." Producers are affected by higher energy costs on-farm for production, as well as higher energy costs for delivery, processing and packaging products.

Higher fuel costs are also putting Ohio pork and beef producers at a disadvantage

Key Points

- Producers adjust management to deal with higher feed costs.
- Energy and other input costs are also increasing.
- Manure is gaining value as fertilizer.

compared to producers in some other areas of the country. Ohio has no large slaughter facilities, so livestock must be shipped out of state, notes Roe. "There's a competitive advantage of being near large slaughter facilities."

Balance budgets

When the cost of corn to finish a steer is more than the value of the weight gain, Jake Wolfinger would just as soon sell the corn and market the steer without finishing it. That's one change he and his family may make this year as they adjust their management strategies to handle rising input costs.

Jake, who farms with his dad, Robert, and brother, Andy, in Fairfield County, says marketing cattle at 800 pounds rather than feeding them out is likely to be more profitable for them this year because cattle need so much corn in the finishing phase. They've found they can feed calves through the growing phase without any corn, feeding lower-cost distillers grains and silage with a little ground hay.

The Wolfingers have a 150-cow beef herd. In the past, they have fed out all their own calves

plus some purchased calves. In addition, they custom feed around 180 dairy heifers each year. The family also farms 1,100 acres of cropland, including about 300 acres of hay.

"With the higher commodity prices, we're trying to raise corn and beans on every acre we can," Jake says.

Add in alternative feeds

Besides adjusting their marketing plans, the Wolfingers are working to keep feed costs down. "Our goal is to utilize all the distillers grains and good buys we can," explains Jake.

For instance, last year, shortly after the ethanol plant in Coshocton opened, they were able to get 14 20-ton loads of wet distillers grains that were off spec. They paid just \$300 per load plus trucking costs. To keep it until they were ready to feed it, they mixed in some ground straw to give it enough bulk to feed through their silage bagger.

They've fed all the bagged distillers grains and are now feeding DDG from the ethanol plant in Bloomingburg. They're storing it outside for the time being, but may put up a commodity barn for storage in the future, Jake says.

C. Ray Noecker, who farms with his family near Ashville, is also trying to minimize

their operation's feed costs by seeking out alternatives to high-priced ingredients.

In addition to distillers grains, he's feeding his cattle some wheat flour from a Cleveland food processor. When the company finishes a run of one product and switches to another, the flour supply lines are cleaned out and the flour is discarded, he explains. The flour is not as convenient to handle because it is bagged and someone has to drive to Cleveland to get it. Even so, it helps reduce costs.

Flexibility is important as the price and availability of different feed ingredients changes, says Noecker. Farmers will need to find ways of mixing a variety of ingredients into economical and balanced rations.

"We've tried a little bit of everything," he says. For instance, to upgrade some low-quality hay, they mixed in some wet distillers grains and flour and bagged it.

As farmers seek out various feed alternatives, they often have to adapt their feed handling equipment, Noecker adds. "Everything in the livestock industry has been designed to feed corn," he points out.

The flour, for instance, doesn't flow through bins like corn-based feed would. "All our bins have a rubber mallet laying

next to them," he says.

Noecker, who raises both cattle and hogs, started feeding hogs as a contract grower for Kalmbach Swine Management this year.

Previously, he raised pigs he got from a neighbor. "He was as good a hog producer as there was in the country, but he sold his sows," Noecker says. Many independent producers are making the same decision, he adds, who is also president of the Ohio Pork Producers Council. "This whole thing has increased the speed of consolidation in the hog industry."

Use shipping alternatives

Higher fuel prices are increasing the cost of feed handling and production, as well as the cost of hauling livestock. For instance, Noecker figures that higher fuel prices have added an extra 50 cents per ton to the cost of chopping silage. The lack of livestock processors in the state adds to the problem, since livestock has to be hauled so far. "Nobody in Ohio will harvest a semi load of cattle," he notes.

One option that might help reduce cattle hauling is the Internet auction being offered by United Producers, Wolfinger says. Cattle can be hauled directly to the buyer, rather than to the stockyards and then to the buyer. Another benefit for sellers is that they don't have to make the investment in loading and hauling the cattle before they know if they want



EXTENDER: DDG from ethanol helps lower costs.